

# ***JPRS Report***

## **Soviet Union**

***International Affairs***

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## International Affairs

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### 'New Thinking' Said Becoming Outmoded

91UF0651A Moscow *NOVOYE VREMYA* in Russian  
No 10, No 11, Mar 91

[Article by Georgiy Kunadze, candidate of historical sciences: "The New Thinking Is Also Getting Old"]

[No 10, Mar 91 pp 23-25]

[Text] It is time to choose between a policy based on agreement with all civilized countries on the meaning of the ideas of freedom and democracy and a policy placing the preservation of the socialist choice above everything else.

The impressive successes of Mikhail Gorbachev's administration in the international arena probably should not be viewed as evidence of the appearance of a conceptually complete foreign policy in our country. On the contrary, it is still in the initial stage of its development, or in an intermediate stage at best. Furthermore, during the course of its evolution, the new political thinking that was announced in 1985 has gradually approached the point at which the renunciation of some of its initial postulates will be inevitable.

#### Instinct of Self-Preservation as Policy

During the first years of perestroika the principle of deideologized foreign policy seemed truly revolutionary. In fact, however, deideologization has the same roots as the well-known formula of "peaceful coexistence by states with different social systems." In both cases the initial premise is the USSR's ideological incompatibility with the absolute majority of states. From this standpoint, the principle of deideologization looks more like an offshoot of the idea of peaceful coexistence than something fundamentally new.

In essence, this principle serves less as motivation for our foreign policy than as an acceptable propaganda basis. The crisis our country is undergoing has forced it to seek agreement with "antipode-states" in areas in which our positions were completely incompatible just yesterday and to revise our ideologically determined approach to the most diverse issues. The cessation of the intervention in Afghanistan, the consent to German unification, the establishment of diplomatic relations with South Korea, and the partial revision of programs of aid to "fraternal countries" provide enough examples of this. Are these actions a result of the conscious observance of the principle of deideologization or of adaptation to unfavorable circumstances? To answer this question, all we have to do is decide whether we would have adjusted our foreign policy line so radically under different, slightly better circumstances. Obviously, we would not have done this. Some of the agreements we have already reached would still be lost in our bureaucratic mazes and others would have been rejected outright.

Therefore, let us not deceive ourselves. What is at work here is not the principle of deideologization, but primarily the instinct for self-preservation and elementary common sense. Of course, we could say the common sense is the same thing as deideologization and that the willingness to be guided by it is a major accomplishment in itself in our generally absurd system. It would be odd, however, to describe a natural standard of behavior for any civilized state as a unique achievement of human genius, not to mention the conceptual basis of the new political thinking. The inclination to take this view has always been inherent in our ideology. In fact, this is nothing more than our customary communist arrogance.

Although the USSR is still declaring the principle of deideologized foreign policy, it is defending its right, consciously or unconsciously, to remain a socialist preserve. This is a ruinous choice, and not only because real socialism turned out to be bankrupt. By doing this, we are setting a time-bomb under our foreign policy.

#### Forgotten Motives

Foreign policy cannot be separated from domestic policy. These two areas of government activity are closely interrelated. After freedom and democracy have been restricted within a country, it will sooner or later begin to pursue an extremist foreign policy, if only because a repressive regime of any type is unthinkable without expansionist ambitions and the cultivation of internal and external enemies as a source of, and justification for, its legitimacy.

Pre-perestroika Soviet foreign policy fully corroborates this thesis. The experience of the perestroika period does not contradict it either. The international successes of the USSR were not only the result of new foreign policy initiatives. The budding process of democratization in the USSR also played a tremendous role. However awkward and clumsy our moves may have been, we approached a common understanding with the West of the meaning of the ideas of civil liberties, parliamentary democracy, the primacy of law in domestic and foreign policy, and the importance of market relations in the economy. This was the deciding factor in the improvement of the international climate, and not only because the Western countries, which have consistently defended such common human values as freedom and democracy, wanted to "reward" the USSR for its "good behavior." The main reasons lie elsewhere. Civil liberties presuppose the right of each person to criticize the policies of his own government, and the institutions of parliamentary democracy presuppose the ability of the public to control the government. The primacy of the law, the observance of legal and moral standards of civilized behavior by everyone, especially on the highest level of government, and the unconditional renunciation of the use of force within the country all guarantee that the state will not take such actions in the international arena either. As a result, the policy line of a democratic government is predictable and rational. This—and not some kind of specific agreement—is the main source of



international trust. The improvement of the USSR's relations with Western countries differs fundamentally by its very nature from periods of detente in the past.

It is probably not difficult to imagine the kind of serious impact that relapses into totalitarianism in our domestic policy might have on our relations with the outside world. The carnage in the Baltic republics, the increased activity of reactionary forces, and the attempts to smother freedom of speech in the cradle are naturally producing dark clouds in the international atmosphere today. Bewilderment and caution are probably still the prevailing elements of Western perceptions of us. They are certain to be replaced by hostility if these relapses should become more frequent and turn into a pattern of behavior. It is indicative that the confrontational phrases we had almost forgotten can already be heard again, even if only in muted tones, in speeches by our own leaders.

#### **We Have a Long Way To Go Before We Reach Democracy**

No matter how much we talk about deideologization, our foreign policy will never amount to much unless genuine freedom and democracy are secured within the country. We have to decide whether socialism itself is compatible with these fundamental values. In other words, unless they are restricted, is socialism even possible in principle?

Every Soviet individual knows from his school years that socialism is public ownership of the means of production, the planned-proportional or proportional-planned development of everything, and, of course, intolerance for certain things. It is completely obvious that the first two characteristics of socialism, strictly speaking, preclude the genuine equality of forms of ownership and market relations in the economy. The years of perestroika, which have been full of futile attempts to reconcile socialism with economic expediency, have provided ample confirmation of this conclusion.

It is precisely the intolerance of socialism for other points of view with regard to lifestyles, however, that is of particular interest. After all, intolerance clearly excludes the possibility of real democracy, which presupposes the testing of ideas by giving them a hearing in the court of public elections. Henry Kissinger once said that no communist party ever won an honest election. This remark has never been refuted. It is true that no communist regime to date has been able to corroborate its legitimacy by democratic means because all of these regimes have preferred to simply exclude democracy itself from the political process.

Sufficient confirmation of this can be found in the examples of the DPRK and Cuba, these last refuges of laboratory-pure socialism: ruthless totalitarian regimes and no freedom or democracy. Conversely, virtually all of the communist regimes in the East European countries lost elections as soon as they lost the Soviet support they needed to keep their people in line.

How are things in our own country, where socialism is still undergoing reform? Do we have any freedom or democracy? Obviously, there is some, and this is attested to by the very fact that this article has been published. In most respects, however, we still have a long way to go before we reach democracy. The country still has no completely democratically elected legislative bodies. The proportional representation of quasi-official "public" organizations in the Congress of People's Deputies and, as a result, in the Supreme Soviet of the USSR means that these bodies have to submit to the will of the CPSU leadership. The president and vice-president of the USSR were also elected by this leadership, successfully evading the need to run for office in a national election. Everyone realizes that the representation of public organizations will not survive to the next elections. Otherwise, new and genuinely public organizations would also have to be granted representation for the sake of fairness. This means that all people's deputies will be elected in equal and direct elections. Will our system allow elections of this kind? Will they make it democratic? In other words, will the country's present leadership, consisting wholly of CPSU members, agree to risk the party's influence, views, and ideals in open competition with the opposition? We do not know the answer to this question yet.

The president of the USSR is constantly swearing to the accuracy of the socialist choice on behalf of the people. This imposes limits on democracy: All points of view are permissible as long as they fit into the socialist framework. We should recall how the party dignitaries and generals began wailing about the restoration of the bourgeois order in the Baltic republics in response to the accusations of attempts to overthrow the legally elected government.

All of this proves that real socialism's compatibility with freedom and democracy has not been demonstrated. I think it cannot be demonstrated at all until the society breaks the old habit of altering reality to fit ideological cliches. A normal economy, meaning an economy not restricted by any kind of taboos, will be essential. Freedom and democracy will be essential. The future of the country will depend on these, and not on the name we give to our social system.

From this standpoint, the principle of deideologization should not be viewed as an effective and long-range conceptual basis of foreign policy. Sooner or later we will have to choose between a policy of agreement with all civilized countries on the meaning of the ideas of freedom and democracy and a policy assigning absolute priority to the preservation of the socialist choice by any means whatsoever. If we choose the former, the need for the deideologization of foreign policy will disappear. If we choose the latter, relapses into the confrontational foreign policy of the recent past will be inevitable. The only deterring factors will be the country's actual potential and its leadership's political will and wisdom. Obviously, this cannot guarantee that the country will not

begin a new round of ideologically motivated expansionism after it has surmounted the present crisis.

### **Solidarity vs. Justice**

Another famous postulate of the new thinking—the priority of common human values over class values—also warrants consideration. Our orthodox Marxists have been at war against it for a long time: For them, the very concept of common human values is an incredible heresy—something like abstract humanism. Marxists who are less orthodox, on the other hand, seem to acknowledge common human values. Their manner of doing this, however, is rather odd: They maintain that class values are not at all inconsistent with common human values, but are an organic part of them. For this reason, according to their line of reasoning, when we defend common human values we are also defending class values. Apparently, the opposite is also true: When we wage a struggle for class values, we are fighting for common human values. On the surface, this appears to be a harmless homily. It adds nothing to the definition of Soviet foreign policy, with the possible exception of a "theoretical" explanation for the failure of our state, with its loyalty to class principles, to launch an all-out attack on neighbors of a different class. After all, Marxist ideology and communist rhetoric both interpret class struggle as the driving force of history and demand that it be waged until all class antagonisms have been eradicated, at which point the era of common human values can begin.

The reasons for the assignment of priority to common human values, which represses healthy class instincts, are understandable: After several years of intense confrontation with the West, our country had to make the move to detente with as much dignity as possible. In the well-known book by Mikhail Gorbachev, the move is justified in the following manner: "The appearance of weapons of mass destruction...imposed an objective limit on class confrontation in the international arena: the threat of total annihilation. A genuine...common human interest came into being—the interest in saving civilization from disaster." There is no question that this has been true for around 40 years now, but this is not all. Something else is much more important. The implication is that only the existence of weapons of mass destruction will insure the world against the resumption of class confrontation in the international arena, or, to put it simply, against ideologically motivated expansionist behavior by the USSR somewhere like Angola or Ethiopia. The realization of this fact is unlikely to give the West a real incentive for truly sizable reductions of nuclear and other weapons.

In fact, of course, the meaning of common human values is immeasurably broader than the natural desire to survive or prevent a nuclear war. It also encompasses freedom (including the freedom of each nationality to choose its own pattern of development), democracy, and international justice. In this interpretation, common human values have little to do with class values. I will

not even mention the fact that the values that were declared at some point, God knows when, on behalf of the proletariat outlived that class as it was seen by Marx and lost contact with the social structure of contemporary society long ago.

The war in the Persian Gulf clearly demonstrates that anti-imperialist solidarity, one of the basic class values of Marxism, is wildly inconsistent with elementary international justice. The former unequivocally demands support for the forces fighting against "American imperialism": In this case, Iraq. The latter, on the contrary, presupposes the non-acceptance of the behavior of an aggressor—that same Iraq—and cooperation with the defenders of justice. The USSR ultimately expressed support for the actions of the anti-Iraq coalition, but how agonizing this choice was! The choice was made as an exception, as a response to transitory circumstances at a time when the country's leadership and part of the public were not prepared to change their minds about the class value of anti-imperialist solidarity.

All of this indicates that the idea of the priority of common human values in its present form is similar in essence to the principle of foreign policy deideologization. In this case, however, it is the USSR's ideological incompatibility with almost the whole world that is underscored.

This is certainly not meant as criticism of the architects of the new thinking. They played a tremendous part in the fundamental modernization of Soviet foreign policy, and it is not their fault that the ideologized postulates of the new thinking are becoming obsolete before our very eyes. When perestroika roused the public consciousness, it made much quicker progress than most of us would have believed possible just a couple of years ago. The country's leadership was no exception to the rule in this area, especially since all it took to eliminate all of the obstructions Brezhnev's and Andropov's foreign policy had created, which were apparent to everyone, until recently was simple common sense. That was not the time to begin perfecting theories.

That time, however, is over or will soon be over. It is time to give some serious thought to the kind of foreign policy our country should have. This must be done without referring to the ideological stereotypes of the past and without any forced attempts to coordinate the new policy with them.

Obviously, this will not be a matter of the simple elaboration of a logical foreign policy theory, but also, and perhaps even initially, the establishment of the prerequisites for its implementation. Without this, all ideas and proposals, however convincing they might seem, could remain nothing more than good intentions.

[No 11, Mar 91 pp 28-32]

[Text] Foreign policy can be truly effective only when freedom and democracy have been established within the country. For this reason, it is time for the Soviet Union to

make the final choice between the "socialist choice" and the standards of civilized international behavior. This was discussed in the first article, but where do the USSR's own interests lie? What else will a successful foreign policy require?

Effective foreign policy is impossible without the understanding and support of the public, and this, in turn, is inconceivable without the objective disclosure of as many facts as possible in the news media. This must be a disclosure of the facts, and not merely an interpretation of them.

#### Without Any Concern for Public Opinion

It became a tradition in our country long ago to publish almost nothing but officious interpretations of actions and events. In the past this was understandable: The government did not recognize the public's right to its own opinion, leaving it only the right to approve the official point of view. Today this state of affairs is intolerable, unless, of course, we are slipping back into a totalitarian regime. In any case, international events are still reported to us in the form of biased and selective commentary. We learn from the newspapers that a foreign politician "expressed the usual point of view" or, at best, that he "said in effect that...." The stock phrase "matters of mutual interest were discussed" still strolls through the pages of newspapers and can be heard on television. A special role is played by TASS, which distributes examples of amazing unanimity that are sometimes also outrageously tendentious, and, of course, by television. The revival of political censorship is no coincidence, and we even witnessed the beginning of self-censorship on television. It is watched by virtually everyone everywhere, whereas the alternative press is accessible only to a minority, mainly the inhabitants of large cities.

In this kind of atmosphere the country's leadership has a chance to make policy without any special concern for public opinion. I certainly am not advocating the publication of, for instance, the official correspondence of the Ministry of Foreign Affairs. I do think, however, that our public has the right to know at least as much as people in other countries about the foreign policy of the USSR, its difficulties and problems, its possible reversals, and its alternatives.

Only then will the making of foreign policy with genuine consideration for public opinion become possible for the first time, and, of course, only on the condition that this opinion is determined not by means of the selective choice of "letters from workers," but with the aid of procedurally correct and regular surveys.

Of course, it would be difficult to believe that an optimal foreign policy would agree completely with public preferences in all cases without exception. The public must not be burdened with the responsibility of making decisions the political leadership should make. There are decisions which have to be made because there is no alternative, but in this case objective information is

particularly necessary, so that all aspects of the matter can be explained to the public or at least so that it can be given an honest explanation of the reasons for making an unpopular decision.

#### Diplomats from Old Square

One of the important prerequisites for a new Soviet foreign policy is the perestroika of its professional staff. In principle, we have no right to complain about a shortage of qualified experts. Our problem lies in releasing their considerable potential and giving them more responsibility for the foreign policy decisions made by the country's top leaders.

Although E. Shevardnadze's efforts warrant a great deal of respect, we have to admit that even he was unable to change the traditional conformity of our foreign policy officials. This is not a matter of professional discipline: The personnel of a government agency must act within the guidelines of the policy of their government. I am referring to something else. For decades our foreign policy officials have been expected to accept any position our political leadership takes, substantiate it and back it up with information, and anticipate the leadership's preferences. The result has been the near disappearance of what might be the main function of the diplomat—the objective and unbiased analysis of world politics and the position his own country occupies in them. This was accompanied by the near disappearance of foreign policy's capacity for self-improvement. Furthermore, many sincerely accept the tendentiousness of analytical work as an immutable requirement.

Why has this happened? There are many reasons, but the main one is the fact that party traditions are firmly enshrined in our government structure. Party "discipline," which is far more rigid than army discipline, spread to all links of government, but had a particularly strong effect on the ones with an immediate relationship, like foreign policy, to the highest level of party leadership.

Once Ye. Ligachev told a story about how he and his colleagues in the struggle for the future perestroika during the years of stagnation were the targets of a deadly threat...to be appointed ambassador to some remote and unprestigious country. Recently, however, he said that he had refused an offer to go to a great power as the ambassador extraordinary and plenipotentiary because he was preoccupied with party work. The fighter for an ideal never dreams of questioning his diplomatic abilities. This never entered the minds of our political leaders when they reinforced the foreign policy service with Old Square "diplomats" like D. Polyanskiy, P. Abrasimov.... There are many such examples, in fact, because they are the norm in our country. The diplomatic appointments of lower-level party personnel have been rare.



In general, party appointees instilled the diplomatic service with unconditional agreement with any views the leadership expressed and intolerance for the slightest signs of free thinking.

The official eradication of the CPSU's direct control of foreign policy in our day has not weakened the party's influence in this sphere at all. In fact, it even seems stronger. This is connected specifically with the higher number of party personnel "flowing" so smoothly into official government positions, including positions on the foreign policy staff. By bringing the ethics and standard practices of Old Square with them, and reinforcing them with the authority of high-level government positions, many of these people are aiding in the establishment of indirect, but equally rigid, party control over foreign policy and are thereby causing it to regress. This is illustrated by the recent diplomatic appointments of G. Razumovskiy, S. Gross, and V. Zakharov and the two appointments of A. Kapto.... By some ironic twist of fate (some call it dialectics), as soon as common sense prevails over dogma and emotion in Russia's communists, the amiable I. Polozkov becomes the ambassador to a nation befitting his party stature—to France, for instance.

Actually, the party appointees are not the whole problem. The unwritten but rigid rules of the party view of the world are even more influential and affect even career diplomats. It is obvious, however, that even the most passionate desire will never produce an objective analysis of the domestic and foreign policy of any modern state within the confines of, for instance, the theory of class struggle.

The only way of escaping this deadlock consists in completely depoliticizing the foreign policy staff and setting up a strict system for the professional certification of all staffers. I am afraid that even this will not solve all of the problems unless there are commensurate changes in the thinking and the very mentality of our political leaders. This will be extremely difficult, because all of them are still from the upper echelon of the party bureaucracy. Therefore, serious and fundamental changes will probably take a long time. Today it is important to acquire enough courage and common sense to admit the vital need for these changes.

#### Political Absurdity

The two premises of effective foreign policy discussed above—public understanding and a depoliticized diplomatic service—are common to all democratic states. Civilization has already managed to accumulate considerable experience in this area, and all we have to do is use this experience as a guide without falling into ideological and other forms of extremism.

The third foreign policy prerequisite is the optimal division of the functions and powers of the center and the republics. This is a specific aspect of our own particular situation, because it has essentially no parallels in world practice. I certainly do not want to question

the right of any of the nationalities of the USSR to self-determination, but I must say that a sovereign state which is simultaneously a union of sovereign states seems politically and logically absurd to me. For more than 70 years we have existed as a unitarian state without giving much thought to the kind of time-bomb the founding fathers laid in its foundation, but as soon as an attempt was made to exercise the right of nationalities to sovereignty, a right consistently declared in all of our constitutions, we found ourselves at a serious impasse. This did not happen just because some legally sovereign republics are striving for independence at a time when the president of the USSR has said that separation would be impossible. Republics wishing to defend their sovereignty while remaining within the union are having just as many difficulties. This is why it is so necessary to separate the powers of the center and the republic. It is clear that the center's powers cannot be granted to the republics. What is not so clear, however, is this: Who is granting powers to whom? Is this a situation in which the central union government is turning over some of its powers to the republics or the reverse?

As long as the union government is effectively being formed anew, it would be logical for powers to be delegated from the bottom up, from the republics to the center. The republics' voluntary and conscious renunciation of the specific sovereign rights they are transferring to the center will be an absolutely essential part of this process.

How should foreign policy functions be divided? Quite frankly, I do not have a ready answer. It is possible that after a new central union government has been established and proves to be viable, there will be no need for the separation of foreign policy functions. However a state may be structured, it can only have one foreign policy. Consequently, it must be directed from a single center. In this kind of system the main function of the republics would be the independent analysis of international information received from the union foreign policy agency and the consideration of matters on which decisions must be made.

Only God, however, knows when and how the convulsions of the transition period in our country will end. It is possible that this will take many years and that the result will not be a new union, but a confederation or a commonwealth like the British one. In view of all this, vigorous activity by republic diplomatic services seems absolutely essential in the near future. It could include the autonomous collection of international information, the maintenance of direct contacts with other states and with the other republics, and the training of their own diplomatic personnel. Besides this, the republics could already assume responsibility, with the consent of the union government, for negotiations on specific international issues of special interest to them. There is no question that the advantages of this kind of division of foreign policy powers would be mutual. The young republic officials would realize that the center sees them as equal partners rather than as hated rivals, would feel

the weight of governmental responsibility on their own shoulders, and would learn to distinguish between politics as the art of the possible and the politics of declarations. The center, in turn, would be relieved of the fear—a fear objectively hampering its freedom of action—that the international agreements it concludes might be protested or even subverted by dissenting republics.

#### What Is the National Interest?

In all governments and regimes, foreign policy, as a function of the state, has to defend its national interests. I would define these national interests as the optimal conditions for the existence of the state. Our understanding and accurate assessment of these conditions and the elaboration of appropriate policies, both foreign and domestic, will be largely technical processes. The last stipulation is important because the foreign and domestic conditions of the existence of a state make up a single entity, within the framework of which the impulse to take some kind of international action can be engendered by domestic needs, and vice versa.

In the most general terms, the optimal conditions for the existence of a state are the following:

Internal stability—the stability of government institutions and a balance of the interests of all segments of the population;

Economic prosperity—the satisfaction of the population's material needs and the capacity for effective economic development;

The moral health of society—the people's belief in justice, their active interest in political and public affairs, and the absence of ethnic, racial, and social inferiority and superiority complexes;

National security—guarantees against any external threat to the society and the state;

Favorable external surroundings—the absence of hostile neighbors or at least a predominance of friendly and loyal neighbors;

A positive international image—a positive perception of the state by the world community.

All of these conditions are closely interrelated. The disruption of the internal stability of a state, for example, weakens its national security, and an aggressive war undermines the moral health of society. The list of these connections could go on almost forever. It is evident, however, that the ideal—i.e., the kind of situation in which all of these conditions are completely secured—is unattainable. There will always be a balance of these conditions, with some compensating for the absence of others. The search for this balance is the essential purpose of policymaking. It is important to remember that any action a state takes is virtually always accompanied by negative side-effects. Consequently, a reasonable policy—not leftist or rightist, not liberal or conservative,

but reasonable—is one whose positive impact outweighs all of its combined negative effects.

There is no need to prove that reliance on brute force and coercion cannot serve as a long-term basis for policy. Sooner or later, and it is more likely to be sooner than later, the combined negative consequences of this policy exceed its achievements. Then the regime based on force collapses.

This seems to be the right place for a qualification. Postwar history includes several examples of the ability of authoritarian regimes (in Taiwan, South Korea, and Chile) to bring the conditions of their existence into the minimum acceptable balance largely with the aid of force. It is no coincidence that some CPSU leaders have recently shown an interest in the experience of these countries. This experience, however, is absolutely inapplicable to our country. In the first place, these authoritarian regimes never confined their economic policies to an ideological framework, and all of them were guided only by common sense and economic expediency. In the second place, even in their most dismal days, these dictatorships were much more open to the outside world than we are today. For them, the strong authoritarian regime represented the means to an end, and not the end in itself. In our country everything is different. It is completely obvious that Marxist theory prevents normal economic development. A bankrupt economy, after all, is the absolute norm for real socialism. It is also the norm for it to display totalitarian instincts that are much blinder and more ruthless than in any authoritarian regime. In short, in our case the dream of a strong authoritarian regime conducting a successful economic reform is an illusion, unless, of course, the regime itself is strong enough to shake the dust of worthless dogmas and habits from its feet. In this connection, I will remind the reader that the present political crisis in the country was not the result of evil plots by trouble-makers and "populists," but the result of the inability of the Communist Party and its administration, which still have more power, incidentally, than any authoritarian regime has ever even dreamed of having, to conduct economic reforms within the confines of the only accurate theory.

#### Gains and Losses

Everyone knows that by the middle of the 1980s our country was on the verge of what is probably the most severe crisis in its history. Of course, there were more frightening times: the days of collectivization, mass terror (with regard to which there is an inexplicable convention of condemning only the cases of unjustified repression, as if any case of repression could be justified and excused).... All of this is true, but the essence of the crisis of the mid-1980s did not consist in any distinctive—by our standards—atrocities on the part of the regime, but in the fact that virtually all of the abovementioned conditions for the existence of the country were secured at the very lowest level in all of its history. In some respects, such as the moral health of society,

favorable external surroundings, and a positive international image, the continued existence of the country was not secured at all. The addition of the depleted economy, the internal stability propped up by lies, the police surveillance and drunken apathy, and the national security held hostage by an increasingly costly arms race produces a uniquely hopeless picture.

It took outstanding courage for the country's leadership to finally initiate the process of change. Domestic reforms were difficult from the start, but the changes in foreign policy produced good results almost immediately. This was possible because foreign policy was highly centralized and therefore highly manageable and because the improvement of the country's international position depended directly on the correction of a few big mistakes.

The main result of USSR policy in the first 5 years of perestroika was the creation of the most favorable external conditions of the country's development in its entire history. This strengthened national security and improved the USSR's image in the world dramatically. In essence, we no longer have any conscious enemies. On the contrary, the overwhelming majority of countries want perestroika to succeed and are willing to help us in this process. These are indisputable gains. Were there any losses? Many people, including some supporters of perestroika, feel that there were. The USSR's "departure" from Eastern Europe, which brought those who were once commonly regarded as our enemies closer to our borders, is sometimes categorized as a loss by these people. They also mention the unilateral steps the USSR took in the sphere of arms reduction, the decline of our international influence, and, of course, our near collusion with the United States in the war against Iraq. These attitudes reflect a peculiar mixture of the ideological dogmas of Marxism and the geopolitical views of the first half of the 20th century. It is clear, after all, that state security no longer depends on the presence of a buffer zone. By the same token, we do not need a buffer zone to block "alien" ideas if we are really ready for pluralism and the free competition of opinions. In view of the fact that our military-industrial complex had acquired dimensions that would have been inconceivable to any civilized country, the unilateral arms reductions were also more of a gain than a loss.

On the whole, it seems obvious that we have no higher national interest today than the construction of a new society and a new state. This is difficult under any circumstances, and it is simply impossible when external surroundings are unfavorable. Everything else, including such traditional attributes of the foreign policy of a great power as the projection of its influence, the offer of economic aid to other countries, and the cultivation of allies (not to be confused with friends), is secondary and relatively insignificant. The corroboration of this conclusion, incidentally, does not require complex theoretical constructs, but only elementary common sense.

On the other hand, the pursuit of a reasonable (or rational) foreign policy certainly does not presuppose unconditional submission and blind receptivity to the wishes of partner-states. By the same token, this policy must not come into conflict with our real internal interests—political and social. An indicative example is the previously mentioned problem of arms reduction and military detente in general. What should serve as the guide when these decisions are being made? There seems to be a simple answer—the principle of defensive sufficiency. No state in the world, however, has ever admitted that the potential of its armed forces exceeded the absolutely necessary minimum for its defense. We ourselves announced that our army corresponded to the sufficiency principle several times during the years of perestroika and then went on to make new reductions. This means that sufficiency is a strictly subjective matter. From the objective vantage point, things look completely different.

First of all, military potential will, unfortunately, continue to be almost our only foreign policy trump card for many years. Furthermore, it will not only determine our status as a great power, but will also motivate the world community to assist in perestroika, if only for the sake of self-preservation.

Second, we must not forget that servicemen constitute one segment of our society, and one of the most needy segments at that. Reductions of personnel and the relocation of large military contingents are inevitable, but dumping huge groups of people into the civilian sphere without adequate social guarantees and transferring troops to new locations without adequate advance planning could create strong components of a severe internal crisis. The society is obligated, at least by the instinct of self-preservation, to give discharged soldiers and those who continue to serve in the army adequate living conditions and financial and moral compensation for their years of privation, and not because soldiers carry guns, but because the despair and depression of any social group are equally dangerous to the society.

I absolutely disagree with the loud accusations that are being hurled at our diplomats, who supposedly doomed the military units withdrawn from Eastern Europe to homelessness and deprivation. The major foreign policy decisions of political leaders must always be preceded by assessments of the possibility of implementing them without inflicting material and moral injuries on the citizens of their country, including servicemen. Therefore, all of the disgraceful consequences of the withdrawal of the Soviet troops are the fault of the government and, to an even greater extent in my opinion, of our disorderly system. In the final analysis, the servicemen are far from the first people the solicitous state has housed in tents or barracks.

It appears that our meager supply of foreign policy trump cards and the internal difficulties of our country should be taken into account when the rates and scales of



armed forces reduction are being determined. The continuation of this process is vitally necessary, but, like any other process, it cannot be conducted in isolation from the realities of our life.

In this context, we must realize that arms reduction is not the principal or only means of achieving military detente and mutual trust, and that the security of our country depends on more than the number of tanks, missiles, and airplanes we have. By the same token, military detente is not determined only by how few of these we have. Strong military potential and military detente are completely compatible on the condition of qualitative changes in our armed forces, radical military reform and, finally, the continuation of the foreign policy line that began mainly as a process of trial and error.

If we depoliticize the army, put it under effective civilian control, relieve it of extraneous functions—from harvesting crops to firing on civilians, turn it into a professional army, provide servicemen with decent living and working conditions, and learn to be more open, we will secure mutual trust and military detente. If, on the other hand, we keep the army in its present form, force soldiers to fire on their own people, employ coercive methods of recruitment, and allow generals to command policy, no reductions of military potential will aid in the maintenance of detente or trust. The result will be a deadlock in foreign policy and in all of perestroika.

### Gulf War Lessons for World Stability

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[Article in two installments by Andrey Kozyrev, RSFSR Minister of Foreign Affairs, under rubric "New Way of Thinking": "Toward Parity in Common Sense"]

[No 15, pp 26-28]

[Text] After the war in the Persian Gulf, we are carefully rethinking the priorities of Soviet foreign policy and the new world order.

The aggression of one Arab country against another, rather than their common action against "imperialism," has placed in doubt simultaneously both the confrontational scheme of "us and the Third World against the West," and the conflict-free Utopia of achieving, practically within the confines of the decade, a nuclear-free, nonviolent demilitarized world.

### The War Is Over, But the Battle Continues

Both types of mental processes are a form of social dependency for one and the same totalitarian system. One type helped that system to justify the reinforcement of its positions within and expansionism without. The other helped to cast off part of the load that was beyond

the capabilities of the country's economy, without affecting, essentially speaking, the position of the most conservative circles.

Discussions of the priority of the universal human values are too abstract (since there has not been any precise definition of what concretely constitutes those values, except perhaps for the most general concepts of global survival) to lead to a profound re-examination of practical policy. Moreover, the concept of priority leaves one the freedom to preach a completely different (and, in essence, old) faith in concrete circumstances. This largely explains why the revolutions in East Europe that occurred against the background of the unceasing assurances of the attempt to reinforce the socialist community are frequently perceived as a forced loss or a direct miscalculation. Today many people view the defeat of the Iraqi regime in the same light.

Consequently, it is necessary to return to common sense, that allows us to see ourselves and the world around us in the most realistic key, and to give priority to the interests of the survival of the peoples of Russia and the Union as a whole. And so it is in this regard that the crisis in the Persian Gulf provides much that is instructional.

First, the world community consists of national states that are pursuing their own interests, which are at times in conflict with other interests. The growing interdependency by no means frees a state of the necessity to defend those interests, but requires that state to reinterpret them with a consideration of the changes in the international political environment. Secondly, even the most genuine declarations of a striving for a better world do not replace the necessity to observe the standards of international law. This makes it necessary for us, when encouraging this action on the part of other participants in international intercourse not only in words, but also in deeds, to link our own interests with the force of law, instead of the law of force. Thirdly, it has been confirmed that the countries that are inclined to the greatest degree toward international law and order are the developed countries with pluralistic democracy and a market economy, and those that are least inclined are the countries with authoritarian regimes. Whereas for the former the "life environment" is the observance of the rules that guarantee the freedom of enterprise and trade, for the latter it is the limitlessness of power.

And, finally, it has become clear that whereas the Cold War has ended, the worldwide struggle for democracy, human rights, and nonviolence—those genuinely universal human values—is continuing. Its successes will continue to be made up of the victories of "local significance" in individual regions and countries. And the factor that will be of decisive importance for the common course of affairs will be the direction in which the processes will develop on the one-sixth of the world's land that is called the USSR.

### The American Threat Once Again?

It would seem that our protectors of the system would like to make the new relations between the USSR and the United States, and between the USSR and the West as a whole, the victim of the "war in the desert." They have realized that it was a crude mistake to assume that it is possible to lose the freedom of choice abroad without taking a fatal risk within the country. They realized that it is impossible to betray our ideological partners and friends abroad without betraying, in the final analysis, ourselves. Therefore it is very important for our "protectors" not to allow the "trench psychology" to disappear.

For those whose dogmatism led a very rich Eurasian power to the level of the poorly developed countries of Asia and Africa with regard to the quality of life and the environment and who continue today to be obsessed by the idea of parity in strategic armaments and spheres of influence in various parts of the world, including the Middle East, the defeat of the Iraqi army, and, most importantly, the undermining of the position of the militant leaders of that country, is a seriously unpleasant situation. But paradoxically the defeat of Saddam Hussein, all things considered, has inspired those circles. They find in the very fact of the defeat of Iraq a confirmation of their thesis concerning the existence in the world of aggressive forces. However, at such time they attempt to replace of the source of the threat, putting in the place of the authoritarian regimes in the Third World the "traditional enemy" in the person of the United States. Concealed behind this is the neoconfrontational ideology that attempts, both in foreign policy and in domestic policy, to substantiate by new arguments the necessity to preserve the old schemes.

The favorite thesis of this kind is the assertion that the defeat of Iraqi aggression will lead to a dangerous intensification of the United States. Well, the fact of the increase in the role played by the United States is already discernible. But does that mean that the threat to peace is increasing? Definitely not.

First, the fear of the diktat of the United States even previously was dispelled by our own imagination. Let us look back, but not at the ideologized interpretation from the textbooks on the history of the CPSU. Instead, let us look at the genuine results of postwar development. It was by no means in all instances that the participation of the United States, say, in European affairs or even its military presence was undesirable for us or for other nations. Unlike our allies in eastern Europe, the friends of the United States in the western part of the continent have definitely not been rushing to break the ties that bind them. Also, the standard of living and of competitiveness that has been achieved by them scarcely provides justification for speaking about haplessness. We ourselves are turning to those countries today for help, credit, and technology.

Secondly, there is no need to speak about any Pax Americana in the multipolar structure of the contemporary world community. It was not from American bases

that the aggression in the Persian Gulf was begun. On the contrary, without their existence the repelling of that act of brigandage would possibly have been seriously hindered. Incidentally, it is a pity that most of our politicians were unable to find a good word to address to those Americans and other soldiers in the coalition who placed their lives on the altar of defending the peace. If we have a self-interest not in inciting passions, not in new foreign adventures—and the persons who harbor those passions and adventures, judging by their sympathies to Saddam Hussein, have by no means become extinct—then it would be desirable to take a more carefully weighed approach both to the deadlines and to the scale of the presence in the postconflict zone of contingents of American and other coalition forces, and especially the naval forces.

#### And the Minimum Losses

The crisis in the Persian Gulf is also extremely instructional from the military-technical point of view. One can only hail the fact that our generals this time are not attempting to create the impression of complete calm and are speaking outright about the advantages of the advanced military technology that were demonstrated by the American army. Of course, it would also be a good idea for us to modernize our arsenal. But, nevertheless, a conclusion in favor of the further indiscriminate competition in the quantity, or now even the quality, of military arsenals would be a strategic miscalculation. Today, giving in to the paranoid striving to have parity with the Americans in the entire range of arms, and also in all the parts of the world, inevitably means the catastrophic and, most importantly, unjustified exhausting of our own economy. It is unjustified because American weaponry, in and of itself, does not represent any threat to the USSR. That must be stated outright and in definite terms.

The United States defeated the Iraqi military machine while inflicting casualties among the civilian population that were minimal when judged from the point of view of the broad scope of the conflict. The United States used its technological superiority to keep its own losses at the minimum. But, unlike Baghdad, the United States did not threaten to use mass-destruction weapons. Moreover, from the very first day of the war, it officially excluded that possibility. Unlike the aggressor, it did not violate other standards of international law, including those pertaining to the seizure of hostages from among the foreign citizens and diplomatic personnel. And if Saddam Hussein miscalculated with respect to the power available to those who would oppose him, that can scarcely grieve his protectors and fellow-thinkers.

It is practically inconceivable today to imagine that the Americans will attack us. They simply have no reason to do so. We are guaranteed against attack also by our abundant arsenal of nuclear-missile weaponry. But even a smaller number of nuclear warheads would provide a practically unlimited assurance that no one will make any encroachments on the Soviet borders. However, the

lessons from the experience of the war in the Gulf from the point of view of the security and the future of the Soviet Union that must be learned are nevertheless extremely stern. Our technological backwardness, which was discernible even previously, is taking on a strategic nature. However we attempt to make the military-industrial complex a state within a state, the increasing gap in the area of overall economic development inevitably makes itself known also in the military sphere.

Let's be frank: that gap definitely was not formed during the last year or year and a half, when the democratic forces came to nominal power in certain cities and republics of the Union, or even during that brief period when glasnost and democratization began to develop. Let's not deceive ourselves with the illusion that a return to the "order and legality" of the Stalin-Brezhnev type will enable us to resolve that problem. Whereas industrialization could be carried out by extensive methods at the expense of the supercentralization of resources and according to a single will, computerization can be guaranteed only by an economic system that is based on the freedom of creativity and enterprise, with a sufficiently high level of development of the sphere of services and consumption. Even a semistarved convict can push a wheelbarrow, but the only person who can resolve on a computer the questions of modern scientific-technical and economic progress is one who is sufficiently provided for and emancipated.

The ideologized state and party fervor of our military-economic nomenclatura do not leave them any chance of producing from among themselves even a Pinochet-type reformer. But strong power when conducting radical reforms is needed. It can be provided by an alliance between the Russian president who has been elected by the nation and the president of the USSR and the segment of the bureaucracy, the military, and the civilian professionals that is capable of reformation.

The person who today will be a patriot in our country is not the one who demands the modernization of armaments and the conservation of the supercentralized power at any price, but the one who will find the boldness to carry out a gradual but profound military reform that reinforces the army and protects it against any ideological blinkers or police-type functions that are not inherent in it. The one who will channel more funds into the peacetime economy, who will defend the young democracy, and who will take steps to enter the world economy on market principles. It is only by shifting the center of gravity of our efforts toward the achievement of parity with the advanced countries in the standard of living and in the quality of the economy that we will be able to count on both our reliable security and our role as a great power.

### **New Appeals for Security**

It is necessary to think carefully about how the world will change after the "desert storm," while neither becoming euphoric in the spirit of the arguments that are so close

to our own concerning the advent of a new era in international relations, nor intimidating ourselves by the old nightmares of American domination. What requires attention first of all is the Third World, where there continues to be an extremely large potential for instability, religious or other fanaticism, and contempt for democracy or other universally human values. We shall also have to learn how to construct our relations with that world on the basis of mutual economic benefit, rather than massive arms shipments.

Concern for security requires the switching of our attention to the areas of instability on the perimeter of the southern boundaries of the Soviet Union and Western Asia. The problem lies not so much in the fact that American bases are located in this region, as in the fact that there is a continuing arms race there between the powers that are laying claim to regional hegemony.

Even more dangerous is the fact that, by inertia, we divide those countries into pro-Western and progressive, rather than into those that more or less strive to provide themselves with mass-destruction weapons and means of delivering them. One still observes the operation of the reflex to reinforce intergovernmental relations at the expense of shipments of arms, including modern aircraft and missiles, in order to prevent friendly regimes from going over to the "other" side. Are we really to believe that the history with Iraq will not teach us anything? Because its missiles were completely capable of carrying chemical charges, thus sharply lowering the threshold beyond which a local war could develop into a conflict with the application of the entire arsenal of mass-destruction weapons.

This leads us to the idea of the need not for confrontation with the West and competition in the rendering of military services to regional clients, but rather for close and efficient cooperation with the West in the interests of reinforcing the system of nonproliferation of nuclear weapons, of banning chemical arms, and of preventing the creeping of military missiles and missile technology, or, incidentally, other more improved means of conducting warfare. But it is necessary to begin with a critical re-evaluation of our own practice. In the final analysis we are probably one of the most self-interested sides, inasmuch as it is precisely in our direction that the radioactive clouds will move in the event of the tragic development of events in any future conflict.

Incidentally, we have still not achieved a situation in which our parliamentarians or our public have a level of information that is comparable even to the slightest extent with the American level with regard to where our aircraft, tanks, and even missiles, of which kinds, and under which conditions, are being exported. It would be desirable for the bloody lesson of the war in the Persian Gulf to have a sobering effect upon us also in this regard. How, actually, can one combine morality with the stubborn attempt by many of our military at the highest level to lecture the United States and the West persistently about having employed "excessive" force in the war



against the aggressor, with the silence on the part of those same authorities with respect to our own role in arming militant regimes? And with what casualties in Afghanistan was the use of missiles and other arms delivered by us linked? Where, today, are the authoritarian regimes preparing against their own and neighboring peoples combat vehicles with the marking "Made in the USSR," that were created from the best metal at our plants in accordance with the best domestic technological methods? I definitely do not want to say that we must retreat from the international arms markets. My point is that military export requires precise legislation, glasnost, and economic desirability.

#### [No 16 pp 26-27]

[Text] The curbing of the Iraqi aggressor proved that the new world order can be based not so much on a certain kind of turning toward new ideas, as on a return to the traditional standards of international law and the mechanisms for maintaining them, including, if necessary, the toughest measures. As long ago as the creation of the United Nations, the possibility of the employment of violence only in response to violence was recognized. The new political way of thinking has enabled the Soviet Union to start talking about the need to use the United Nations. The United States, which for a long time demonstrated pessimism with respect to the seriousness of such proposals, has decided, after the conflict with the Iraqi aggression, to test them in the practical situation.

#### Were Other Alternatives Possible?

And one would have to say that things worked out well right from the start. With the initiatory role of the Americans, who were rather actively supported by many of the Western, East European, and other countries, the United Nations came out decisively in favor of the restoration of law and order. That became possible thanks to the fact that the USSR and China, unlike the situation in previous years, not only failed to take the "anti-imperialistic" Iraqi regime under their protection, but also enabled the UN Security Council successively to adopt decisions censuring the aggression, demanding its cessation, and, finally, stipulating the use of drastic measures if all that was not carried out.

True, even at that stage it was revealed that, unlike many other countries, the Soviet Union did not take part, so that the political and legal shield of the UN resolutions would not prove to be reinforced by military force. But there was a need for that, inasmuch as Iraq had obviously counted on having that shield remain only a paper one, and the economic sanctions initiated against it being filled with holes. At the next phase of the crisis, the opposition to the armed brigandage developed into armed actions, but the USSR proved to be incapable of reinforcing by military strength the defense of the civilized standards on a political and legal level. One good aspect is the fact that, from the very first days, the shipments of Soviet arms to Iraq were discontinued.

During exactly that period, units of assault troops, tanks, and BTR [armored personnel carriers] were activated within the country, and operations were carried out to seize television towers and newspaper editorial offices. Thus one was made frighteningly aware of the powerful forces that are capable not only of retarding our forward movement, but also of throwing our country far back, to the times when it was perceived as the focus of political uncivilization.

One would like to believe that the Soviet Union used the available channels of diplomatic communication with the aggressor in order to encourage him to execute the demands of the world community and thus to put an end to the bloodshed. The appeals to the cessation of military actions, however, raise a large number of questions. Such pacifism could be interpreted by the aggressor in his own way. Our diplomatic maneuverings in the last days of the fight for Kuwait scarcely evoked satisfaction either on the part of Iraq or the West. Each of them has justifications for considering the efforts undertaken by the USSR to be insufficient. Nor were too many points earned in the eyes of the Islamic world.

Could the result of the crisis have been more felicitous for the USSR? Possibly yes, if we had been able to win a more complete and more consistent victory over ourselves. That would have occurred if the new course aimed at precise adherence to international law had been conducted without worrying about the forces that still see in militaristic regimes in the Third World their allies, and in the United States and other civilized countries their opponents. In that instance there would have not remained the unpleasant aftertaste that, while failing to take a sufficiently definite stand on the side of our old friend, we had failed to strengthen our friendship with new ones, inasmuch as both groups can experience doubts about our reliability.

But what would have happened if the USSR had proved to be a more reliable ally of Saddam Hussein? The involvement of the USSR in a widescale confrontation with the West. It is completely possible that that would have led our country once again to the brink of a large war and nuclear blackmail.

Still another alternative would have lain in having our country, at some stage in the conflict, cease voting for the Security Council resolutions, without actually being directly involved in the conflict, but not supporting the anti-Iraqi coalition. That behavior would have been definitely impeded the coalition's actions, but would scarcely have saved the aggressor from retribution.

Thus, the overall result as of today for Soviet diplomacy is positive. For the first time, Soviet diplomacy came out, albeit not completely consistently, on the side of international law and morality, and moreover that was not only on a decorative level, but also at a practically political one. At the same time, it will still be necessary for us to learn how to differentiate in a much more precise manner between those who are in the right and

those who are not, and to use the shield and sword on the side of the former. For that purpose it is not mandatory to possess the tremendous military might of a global superpower. But it would be desirable to prepare for participation in the future in the UN peacekeeping operations. Obviously, even in other situations the coalition of the highly developed countries will be able to assume a large share of the burden. For a long period of time the USSR will continue to have a solid reserve for strengthening its positions in the world as a genuinely great power at the expense of the more consistent transition to the positions of defending UN principles, solidarity with the civilized countries, and the use for such purposes of its own position as a permanent member of the UN Security Council. Incidentally, it is obvious that representation in the Security Council is one of the most important and valuable functions that can and must be performed specifically by the Union, and this, obviously, does not exclude the participation of the republics in the UN actions or even their representation in various agencies of that world organization.

### **From the Gulf to the Union**

In general, the topic of the renewal of our Union and the crisis in the Gulf deserves attentive consideration. It would seem that the crisis made it possible to give much greater credence to the thesis concerning the need for a single defense in the renewed Union of sovereign republics. Actually, there are few people today who believe seriously that some transatlantic threat is hanging over us. At the same time this is not the first time that we are observing instability and conflicts in the Persian Gulf area. Nor should we overlook in this regard the problem of Islamic extremism. Let's speak bluntly: one can scarcely feel that indulging other countries' aggressive claims can be considered to be a farsighted policy with a consideration of their possible influences upon the Central Asian republics. On the contrary, it is in our vital interests to demonstrate that any war, any acts of violence with respect to the peaceful population of our own country or of neighboring countries, cannot and will not be tolerated. In other words, here too we are self-interested not in confrontation with the West, by acting as the supporter of Muslim militancy, but rather in continuing cooperation with the West in defending the universal principles of the freedom of conscience, the freedom to profess any religion, in organic tie with all the other human freedoms and right. It is only the encouragement of the forces of democracy and of pluralism, obviously with a consideration of the local peculiarities, but without any rebates for religious or cultural exclusivity, that constitutes the only path to the rebirth of Russia and the other republics and simultaneously to prevent sliding down into the chasm of national enmity and intolerance.

### **In the Embrace of "Friends"?**

It is unrealistic to think that the preservation of centralization at any price is better than the risk of the independent manifestation of unpredictable moods in Soviet

Central Asia. That is tantamount to an attempt to lull oneself by means of Eastern fairy tales while sitting on a time bomb. It is necessary to consider the fact that the artificial adherence to an increasingly unviable model of the socialist type in Asia can lead only to the building up of a situation with explosive potential. After the inevitable explosion, the threat of an extremely nationalistic and fundamentalist-Islamic extremism will also prove to be inevitable. Consequently, in this regard also a reasonable response lies on the paths of the most rapid renewal of the Union as a community of sovereign states. Here too it is confirmed that true concern both for the renewed Union and for the long-term prospects for stability in Eurasia is consistent not with the opposing of the growth of a democratic Russia that is moving rapidly along the path of radical reforms and the creation of a rather attractive example for its neighboring republics, but, on the contrary, with the taking of all steps to support that process.

Although the USSR did not play a central role in eliminating the crisis in the Persian Gulf, it will have an important word to say in defining the further course of events in the Middle East. There is a small chance that, after what has happened, the forces of reason will receive a powerful impetus. There has probably never been such a graphic demonstration of the catastrophe to which militancy and irreconcilability can lead. But one should also not underestimate the inertia of the old.

Either we maintain that inertia and return once more to the embrace of those very faithful friends that we had in the past, who secretly or openly sympathized with the Iraqi aggression, or we shall find within ourselves the strength for a more balanced and more realistic approach. In the first instance it is possible that we will succeed for a certain period of time in restoring the clamorous chorus of the "unreconcilables." In the second instance it is possible that there will be a rather rapid erosion of the positions of extremism both in the Arab camp and on the other, in Israel. The demand to implement the Security Council decisions that pertain to the Arab-Israeli conflict will combine organically with this.

### **Let Us Agree to Disagree**

Within the confines of the settlement process, a place will also be taken by such a key element in that process as the acquisition by the Palestinian nation of its own state entity. In order to achieve these goals, all the means available in the arsenal of modern diplomacy are good. An international conference, consultative sessions within the framework of the Security Council, direct and indirect bilateral negotiations... All of these means can and must be used on the basis of mutual supplementation without any attempts to make progress in one area a hostage to the beginning of movement in another. And it is definitely not mandatory to bind rigidly the security in the Persian Gulf with a settlement in the Middle East. It is important only for both to be reliably guaranteed.

Incidentally, in both instances the Security Council could provide such guarantees.

But what is completely necessary for both regions is the reorientation in the use of limited financial, technical, and human resources, diverting them from the arms race to the tasks of economic and social development. We need a turning away from exclusivity and distrust with respect to the surrounding world in the direction of openness both toward our neighbors and toward other countries. Turning one's face to the economy is inconceivable in this region without the constructive participation of the most developed countries of the West. But Russia, the other republics, and the Union as a whole could also participate in this process. Properly speaking, this is what our interest should be toward this region, as, incidentally, it should be toward all others. And if that is so, then our interests will scarcely diverge strongly from the West's goals.

Finally, one more thing. For too long a period, the USSR has been united with its traditional Arab friends by the silent consent that neither we nor they are ready to perceive the values of democracy and human rights. Moreover, to a large extent it was precisely in this regard that our ideological commonality with them existed. But both we and they have been convinced that this isolation not only does not provide any advantages over the surrounding world, but leads to serious costs, and to isolation both in the economic area and—as was demonstrated by Iraq—the military area. And that means that we must not turn off the course of glasnost and democratization that we have taken, giving as our reason for so doing the crises in the Persian Gulf, the Middle East, or our own republics. And it is necessary to serve as an example of this to our friends, whether they be in the Arab world or in other places. That, then, will be the best demonstration of the concern for the formation of realistic prerequisites for the new world order, and, in the final analysis, a nuclear-free, nonviolent world.



### Domestic Reform, Better Foreign Ties Said Linked

91UF07194 Moscow *NOVOYE VREMYA* in Russian  
No 16, Apr 91 pp 28-29

[Article by Aleksey Abramov, doctor of historical sciences: "Three Pillars of a Besieged Fortress"]

[Text] By the kind of practices the state establishes within the country people will judge its foreign policy aspirations also.

Under the conditions of the intensifying domestic crisis the Soviet Union needs more than ever a favorable international atmosphere, economic assistance, and a curbing of the arms race. But it is not, essentially, all turning out this way.

Since the high point—the Paris meeting of the heads of state of Europe and the United States and Canada—international affairs have moved downhill, as it were. An uncertainty in the development of political relations with the most important powers has emerged.

The euphoria in connection with the domestic and foreign policy of the USSR is being replaced in the West by disappointment—it is evaluating certain of Moscow's actions as relapses into the old political thinking. With us some people are depressed by the fragility of the foreign policy achievements of recent years, which even recently seemed irreversible, which has been manifested. Others are angered by the fact that after so many Soviet concessions and goodwill gestures increasingly new steps in the same spirit are being demanded of us and that people are unwilling to take into account the difficulties of the domestic situation. There are also those who are rubbing their hands with glee: we are finally stopping "waiving principles."

### Being a Rival to Everyone Is Impossible

Yet there is nothing surprising about this. Deep-seated inner mechanisms independent of people's hopes or illusions and the individual miscalculations of policy or the subjective desires of this leader or the other are at work. Also, in general, in accordance with the fundamentals of Marxist theory.

What is called the administrative command system has historically been supported on three pillars. The first is the supercentralized command economy geared not to satisfaction of the needs of the people but the establishment of the power of the state, primarily to service of the giant military-industrial complex. The foundations of this system embedded in Stalin's industrialization and collectivization were openly and unambiguously tied to the needs of defense by way of the development of heavy industry and mechanical engineering at the expense of other sectors of the economy.

The second is the totalitarian political system with its roots in boundless punitive measures both against the "socially alien" and against the "socially native" in the

twenties, thirties, and forties. The suppression of dissidence, intolerance of alternative opinions, flagrant manipulation of information, and all-embracing secrecy became the norm in the Khrushchev-Brezhnev decades.

And the third is the unitary state which wholly subordinated the republics and national minorities to the center. The results of such subordination were the criminal actions of "disenfranchisement" and the banishment of entire peoples and the arbitrary recarving of territory. The disregard for their culture and national dignity and the predatory exploitation of labor and natural resources with the severest demographic and ecological consequences.

Naturally, this economical-political-national monolith could have existed only in a particular external environment: in "hostile imperialist encirclement" and in a state of permanent military and ideological confrontation with the surrounding world.

While recognizing the vicious nature and aggressiveness of the Stalin regime, we cannot either, of course, idealize those who in the world arena resisted it, endeavoring to secure for themselves political influence and achieve their mercenary interests with the aid of the threat of force and its direct use in regional conflicts. The aggressive paranoia and ideological passion of one side aroused the bellicosity mixed with fear, together with messianic ambitions, of the other, unwinding the flywheel of the "cold war" and the arms race.

Fortunately, a thermonuclear clash has been avoided for four decades. But, in spite of our sacramental proposition of those years, the correlation of forces in the world in its main gauges has changed, on the whole, not in favor of "developed" or "real" socialism, despite Moscow's achievement of nuclear parity and the acquisition of a number of unstable outposts in Asia, Africa, and Latin America.

No state could have supported infinitely rivalry with all the leading powers of the world. The three-in-one monolith which was created for confrontation and which was cemented by this confrontation began to crumble beneath the press of global opposition, which was too much for it.

### Feedback Law

The perestroika initiated by the new leadership of the CPSU in the mid-1980's set the task of giving the state a second wind, accomplishing domestic transformations, and changing relations with the surrounding world. On this path Mikhail Gorbachev and his associates went much further than the reformers of the end of the 1950's and start of the 1960's. What is no less important is that this movement was taken up from below by a country which had grown up and had shed its former illusions. Movements and displacements in all the ossified components of the administrative command system began: first in foreign policy, then in ideology and domestic political life, and subsequently in the economy and

international relations. Unfortunately, not in all spheres was the leadership capable of implementing fruitful reforms, but the interrelationship of the changes that had occurred was manifested increasingly obviously.

Renunciation of the policy of global confrontation and the principle of class struggle in international affairs, the important breakthroughs in disarmament, and the aspiration to have done with economic self-isolation demolished the long-standing "besieged fortress" structure within the state. It was this which was the main meaning of the new political thinking, not simply a desire to redistribute resources from external to internal needs, as it has been interpreted abroad.

Proclamation of the priority of principles common to all mankind outside immediately put these principles on the agenda of domestic political life, including generally recognized democratic liberties, pluralism of opinions, and freedom of the press. This immediately made the focus of debate the evolved system of a supercentralized economy, disastrous for people and nature, the political monopoly of the CPSU, the inordinate defense budget, and the expediency of the maintenance in peacetime of a vast military machine.

The principle of freedom of choice for other countries was immediately seized upon by the peoples of the Soviet Union, and processes of democratization in a number of republics brought to power new and often very heterogeneous political forces. They opposed the economic and political omnipotence of the center and the location on their territory and without their consent of defense enterprises, proving grounds, and military facilities. This infrastructure frequently caused economic and environmental damage and had no precise legal status conforming to the sovereignty of the republics.

The incapacity of the top leadership to rapidly and decisively introduce under these conditions fundamentally new mechanisms of statehood, economics, and interethnic relations, the practice of half-measures, miscalculations, and the chronic lagging behind events created a real danger of a loss of control over processes in the country. Endeavoring to restore its authority, the government has as of the fall of 1990 moved not forward but backward and has begun to hamper perestroika under the "stabilization and consolidation" slogan. This has inevitably entailed chaos in management, intensified the economic crisis, and given rise to social upheavals.

It has been manifested once again as graphically as could be that in our system the economy, domestic political conditions, national relations, and foreign policy are inseparably interconnected. Whatever end one takes, progressive reforms rapidly induce changes in other spheres. And, conversely, attempts to take a step back bring about collisions in other components of the system via feedback.

In the wake of the January events in the Baltic the president posed the question of a suspension of the Press

Act, but all things taken together, this had noisy international repercussions. Attempting to justify the irrational action pertaining to the exchange of banknotes, Prime Minister V. Pavlov discovered an "external enemy," accusing foreign banks (from which we have requested credit) of "financial aggression"—an aspiration to destabilize our economy. Advocating a revival of the unitary state-cum-empire, a clampdown on democracy, and a buildup of military power, Deputy V. Alksnis and his colleagues, naturally, assailed the disarmament treaties, called for support for Saddam Husayn, and launched a campaign concerning the increased "military threat" on the part of the United States and NATO.

There are no nor could there be any accidental coincidences here, the iron laws of the relationship of different components of a single system are operating.

If for the sake of the establishment of the supremacy of the center there is a clampdown on the sovereignty of the republics, prohibitions on democratic liberties immediately follow (we recall 28 March in Moscow). And measures to restore the command methods of management of the economy on a Union scale are adopted as a lever.

If there are demands for an end to democracy and glasnost, people are, consequently, striving for a revival of the monopoly of the party-economic bureaucracy. But it is supported by a supercentralized economy incompatible with the sovereignty of the republics.

The aspiration to reanimate the centralized economy—the basis of centralized political power—is inseparably connected with a strengthening of the dominating positions of the military-industrial complex at the heart of heavy industry and machine building. And this presupposes suppression of the rudiments of market relations, the imposition of increasingly new taxes, price rises, and the running of the printing presses at top speed. In response—attempts on the part of the republics to save their own economy, workers' strikes, protest demonstrations, and an explosion of criticism in the press.

This, in turn, brings about measures pertaining to an infringement of the sovereignty of the republics, glasnost, and political pluralism. And under the conditions of the growing domestic role of the Army there is no longer any question of profound military reform and conversion, and a reduction in military spending and a cutback in defense potential to a reasonable sufficiency recede into the background.

#### **Dangerous Turnabout**

Could all this contribute to international trust and the development of civilized relations with the surrounding world? Promote accords on disarmament and integration in the world economic and financial system? Stimulate political cooperation with other states in respect of the settlement of crises and help the building of collective security in Europe, Asia, and other areas?

Of course, these relationships work indirectly and have a certain "clearance." The new foreign policy initially outpaced domestic restructuring. A backward turn within does not immediately bring about a return to "cold war" outside, and the inertia of policy is extinguished slowly.

A transition to market relations in the economy and a rise in the people's well-being are inseparable from a dismantling of the centralized command system, a reduction in military spending, and the profound conversion of defense industry and the elevation of the remaining sectors of military production to a new qualitative level. Such a path undoubtedly demands a reduction in the numbers of the armed forces, their reforming on a basis of professionalization, and an orientation exclusively toward external assignments.

Contrary to certain assertions, it is not the Army that is the basis of the state (as long as this is not a militarist-type state) but a healthy dynamic economy, the moral-political unity of the people, and a strong legal base. Only in such a society does the Army occupy an honorary and worthy place capable of reliably providing for the country's security.

It is not those who are championing the market, democracy, and the sovereignty of the republics who are demolishing the Union. It is the feverish attempts of circles of the right to put pressure on the Union leadership for the purpose of having done with perestroika and the demands under the present, qualitatively new conditions for a return to the command economic system and a restoration of totalitarianism which are leading to collapse. But only a market economy creates the sole firm basis for a union of sovereign republics and their formation of an efficient central mechanism for interaction in the spheres of defense, transportation, power engineering, and the environment and in the humanitarian sphere. This, in turn, presupposes political pluralism and a broadening of the democratic rights and liberties of the citizens and nations.

All this is directly related to foreign policy. Unswerving and accelerated transformations in the economy, domestic political arrangement, and interethnic relations of our Union—this is the sole possible prerequisite of the development of the new political thinking in international affairs. Only such a course of events within will afford a possibility of political interaction and economic cooperation with the civilized world, new, even more radical disarmament accords, and affirmation of the legal provisions of international life.

#### **Upcoming CSCE Forum on Cultural Heritage**

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[Article by V. Mikheyev: "A Common Heritage"]

[Text] An international symposium, within the context of the Helsinki process, and that is devoted to the historical-cultural heritage of the states of Europe and North America, will be held from 28 May to 10 June in ancient Krakow. The theme: How to preserve common property from the destructive effects of time, ecological disasters, the crisis of cities, and people's illiteracy and neglect.

Krakow is a sad testimony of these problems, which are common to the East and the West. They can be resolved through joint efforts. From this came the idea: To join member states of the Helsinki process in a comprehensive program for the protection of the cultural environment, and to link up international organizations like the Council of Europe and UNESCO, and nongovernmental social movements. The coordinator of the forthcoming symposium from the hosting side is Ryszard Zoltaniecki, head of the department of policy in the sphere of culture and science of the Polish Ministry of Foreign Affairs.

"This is the first forum within the scope of all-European cooperation that is focused specifically on the problem of cultural heritage, if you do not count the Budapest meeting, which was conducted without a signing of the final document," declared R. Zoltaniecki, who was on a two-day working visit to Moscow, in an interview with IZVESTIYA. "Since that time, the situation has changed. There is reason to believe that we will be able to move forward in Krakow in the development of generally acceptable legal norms and united approaches to the preservation of cultural heritage."

Virtually the main emphasis at the symposium will be on the restoration of the architectural appearance of the cities of Europe. The understandable question arises: Will, for example, the Canadian authorities be prepared to allocate resources for the renovation of the palace ensembles of Leningrad, and will the Federal Government in Bonn be concerned about imparting the former luster to the center of the Romanian capital?

"We do not want the impression to be created that we are coming out as a suppliant, begging for money, no—we need modern technology that protects against the acid rains that everyone talks about. We need an integrated concept for the protection of cultural heritage. The common heritage. The palace complexes of Leningrad and their fate should alarm people in Hamburg and in Paris. If they are destroyed, then this has an effect everywhere. The common historical fabric is torn."

Everyone will be invited to the Krakow symposium who to one or another degree recognizes that: Although the concept of an all-European home is far from realization, a single historical-cultural space already exists. The Polish diplomat continues to probe the soil on the threshold of an important forum. During the last two weeks, he visited Rome, Vienna, and Bonn. Discussions were held in Moscow in the USSR and Russian ministries of foreign affairs and in the USSR Ministry of

Culture. Our visitor emphasizes: Reaction to the fact itself of conducting a symposium, and its purpose and mandate, is very favorable.

The Krakow forum will become a unique examination, capable of giving an answer to the question of whether the public, and the governments of 35 countries, are ready to acknowledge the unity of the historical-cultural heritage of Europe and North America.



### Potential Directions for Economic Ties with 'Third World' Viewed

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[Article by Konstantin Petrovich Ovchinnikov, candidate of economic sciences and deputy chief of Administration for International Economic Relations of USSR Ministry of Foreign Affairs: "Mirages and Prospects of 'Third World' Markets"]

[Text] Our periodical press has already had a great deal to say about the problems of USSR economic cooperation with the countries that are still categorized by convention as "Third World" states. The radical changes that are taking place today in the Soviet Union, in Europe, and in other parts of the world, however, are necessitating the reconsideration of many earlier concepts based on the criteria chosen in past decades for the economic assessment of countries and regions and the evaluation of their foreign economic policies. We also have to distinguish between the general features of USSR foreign economic policy in relations with the developing world (and other regions) and the specific features of relations with precisely this group of countries.

Therefore, the new developments on the conceptual level are the following:

First of all, the division of the world into East and West in its ideologized form is obsolete. The conventional geographic division of Europe into Western and Eastern Europe still exists, but there is no more need to consider issues which were on the agenda for several decades and were dictated by the existence of a market economy in the West and a centralized planned economy in the East.

The radical reforms in the economic mechanism of cooperation between the USSR and the East European countries should redirect flows of goods, technology, and services in USSR foreign economic operations toward the West and the developing countries on the basis of the criteria of economic effectiveness;

Second, in spite of the highly encouraging statistical indicators of the socioeconomic status of the USSR with regard to per capita national income, industry's share of national income, and so forth, the foreign economic ties of our country are distinguished by all of the most typical features of the economic ties of the least developed of the developing countries with developed states:

Third, the domestic political and economic situation in the USSR is veering toward heightened economic and foreign economic activity by the union republics. This will create a kaleidoscope of autonomous participants in this activity, and if they should exceed the level of reasonable sufficiency in their bids for autonomy (and we have already seen examples of this), the resulting

situation will complicate the budding processes of controlled interdependence in the world economy. This kind of interdependence, however, is clearly becoming an imperative;

Finally, the fourth development is the need for considerable adjustments in the plans for the offer of economic aid to developing countries by the Soviet Union or its republics, regardless of domestic political processes in the USSR.

This should result in the reduction of the amount of this aid with a view to the actual level of economic development in the USSR, particularly the standard of living of the population of the union republics, which is close to, and in some cases lower than, the standard in many developing countries. When new approaches are being developed, the emphasis will be on the strict selection of aid projects on the basis of the criteria of their economic effectiveness for the recipients of the aid and for the Soviet national economy.

The examination of the possible directions and patterns of USSR economic cooperation with developing countries and specific groups of these countries could concentrate on the study of their potential to provide the Soviet market with food, manufactured consumer goods, raw materials, and investment commodities and an assessment of the most economically effective goods the USSR could ship to them. Analysis on this level is not the highest priority today, however, although some people might be interested in choosing this field of research. Until domestic prices have been brought in line and until the actual exchange rate of the ruble has been determined, all analyses of this kind will be pointless.

The capabilities of the Soviet Union's economy on the level of macroeconomic policy are extremely contradictory, because it cannot be put in the same category as the developed countries, as it is not one of these yet, or the developing countries, as it has not been developing for many years now. In general, however, the situation is the following. There is a long list of goods the Soviet Union and its enterprises and consumers would like to buy from the developing countries. Furthermore, in addition to having consumer value, many of these goods have an economic appeal, because the cost of their production is lower than in the USSR. This applies to electronics and other high-technology items for use in production as well as to consumer goods and foodstuffs. I do not think I am telling the reader anything new. The situation with regard to our export potential is slightly more complex. It is no secret that the markets of the developing countries have been taken over by the firms of developed Western states and of other developing countries, especially the new industrial countries (NIC).

What can the Soviet economy offer the developing countries, new or not so new, but at a lower price (and not at dumping prices)? Consumer goods? That is ridiculous. Electronics? So is that. Some of the products of

our machine tool industry? Possibly. We are racing around like chickens with our space technology.

The demand for it in the developing countries, however, is extremely limited. Some of our administrators in the aircraft industry maintain that the export of airplanes is the most effective form of trade. They point out the fact that we can earn tens of millions of dollars immediately for a single plane. They do not say anything, however, about the expenses, including the cost of imported equipment, crude resources, and materials, with which these earnings have to be compared. The effectiveness or ineffectiveness of exports can only be judged from this kind of comparison. In the second place, how can we export them if the aircraft builders themselves say that the technical level of the engines of our airliners is stuck at a point we reached back in the fifties (of this century). Today there is a tremendous unsatisfied demand throughout the world for equipment and technology for environmental protection. What can Soviet enterprises offer the world and the developing countries?

Discussions of the possibilities and prospects of Soviet foreign trade, particularly exports, usually include some mention of the need to improve the structure of exports by increasing the proportional amount of vehicles and equipment. The people who say this are ignoring a decisive factor—the economic or price competitiveness of exports—and are paying no attention to the fact that the machine-building industry's large share of the gross product of the USSR has been the result of pressure on the economy and does not reflect the country's actual level of industrial development or economic development in general. We can attempt a simple calculation of the competitiveness of exported vehicles and equipment using the passenger car as an example (it will be highly conditional because vehicle production costs will rise dramatically after the inevitable rise in the prices of raw materials, which are only a fraction of what they will be, and this will lower the price competitiveness of vehicles accordingly).

**Two figures will be used as the basis for the calculation—the cost of production and the export price.** Data on overhead costs are highly difficult to obtain. Most of the exported vehicles come from VAZ [Volga Motor Vehicle Plant]. These overhead costs should be much higher than the cost of producing the AZLK's Moskvich model, if only because imported equipment is used in the production of the Lada.

According to published data, the production costs of the Moskvich-2141 are estimated at 4,200 rubles. The Oka costs the plant 5,000 rubles to produce.

The average export price of the passenger cars the USSR sent to the FRG in 1989 was the equivalent of 1,600 rubles in foreign currency. The official rate of exchange was approximately 60 kopecks to 1 U.S. dollar, which means that the price in dollars was around \$2,700.00. Therefore, if the plant had received its earnings in rubles exchanged for the dollars at the official rate, as plants all

over the world do, it would have lost 3,400 rubles on each vehicle. Since 1 November 1990 the commercial rate of exchange has been 1.8 rubles for 1 U.S. dollar. Now the plant should receive 4,860 rubles for a vehicle. It still loses money, but not as much. Could the losses mean that the export price is too low? Our monopoly exporter, Avtoeksport, disagrees, asserting that the export of vehicles is profitable and that the export price is not too low. Computation is a necessary part of economics. According to the earlier official rate of exchange of the ruble to the FRG mark, the export price was equivalent to 4,300 marks (in 1986), but the retail price of the VAZ-2108 in the FRG market was 11,285 marks, or almost triple the export price. Is this difference not too great?

If exports of vehicles and equipment are economically ineffective, could exports of agricultural products be effective? According to some data, the cost of producing a ton of broilers (in the large Stavropolskoye Agricultural Association, for example) is more than 2,000 rubles, and the export price is around 800 American dollars. According to the new rate of exchange, this is equivalent to 1,440 rubles. Once again, not only is there no profit, but the amount does not even cover production costs. The net loss is around 600 rubles for each ton.

In the theory and practice of international trade, the level and movement of economic competitiveness are known to depend largely on wages in relation to levels of labor productivity. It would seem that Soviet exporters would have an "advantage" over the developed capitalist countries in this respect. According to data published abroad, the average hourly wage in the FRG in 1988 was 18.07 American dollars, in the United States it was \$13.90, in Japan it was \$13.14, and in the USSR it was \$1.84. In addition to other factors "cancelling out" this advantage, however, there is the fact that wages represent a much smaller portion of production costs in the USSR than in most other countries.

Some people in our country still believe that foreign currency should continue to be earned primarily from deliveries of weapons to developing countries, but suggestions of this kind do not stand up to criticism.

Therefore, the present state of the Soviet economy defines it as a supplier of raw materials or a "raw-material appendage" in relations with the majority of developing countries. It is true that this could arouse indignant objections—after all, vehicles and equipment make up a high percentage of Soviet exports to developing countries. In the first place, however, a significant portion of these exports to date was categorized as economic aid and was used in projects financed by government (and, as it turned out, unrepaid and largely lost) credits. In the second place, and this is particularly important, the production costs of these vehicles have to be increased several times over, if only in connection with the higher prices of the energy and raw materials used in their production, before the effectiveness of exports can be judged.



**In the final analysis, however, the choice of goods for export and import under the conditions of a market economy must be made by enterprises, producers, and consumers. On the macrolevel it will be necessary to develop absolutely new approaches to government regulation of the Soviet economy's interaction with the world economy, including the developing countries. The gradual inclusion of the movement of production factors—manpower and capital—in the processes of interaction presupposes a well-defined policy in the setting of wages and interest rates and the regulation of their effects on the structural adaptation of the economy, employment, and economic growth.**

A flexible policy will be particularly important at times of predictable or unforeseen recessions in the world economy until the world community has learned to coordinate economic policy on the international level for the purpose of alleviating the negative effects of these recessions on national economies and establishing at least the most general guidelines for the balanced development of the world economy and all of its regions.

This is being done now by the seven leading capitalist countries and, to a certain extent, by the 24 OECD countries. On the level of the international community, attempts to set internationally acknowledged priorities are being made within the UN framework as part of the process of the choice of international development strategies. We know that three such strategies have already been adopted, one each for the decades from 1960 to 1970, from 1970 to 1980, and 1980 to 1990. A fourth should cover the period up to 2000. We also know that not one of these strategies attained its objectives in terms of the basic indicators set for the developing countries—the growth of the gross product, industry, agriculture, foreign trade, and volumes of official aid. The analysis of the reasons for the failure of all these strategies is a separate topic. Here we must make only the following observation. Regardless of the position various countries and regions have occupied and do occupy in relation to the contents of these international documents, all of them suffer from at least one serious drawback: All of the indicators they cite apply only to developing countries. This has to be questioned. In the present era, now that the increasingly pronounced economic interdependence of all countries in the world economy has won universal recognition and acknowledgement, discussing the growth rates of a single group of countries while ignoring the economic prospects of the rest of the world is a sign of, to put it mildly, political and economic nearsightedness and professional incompetence. Nevertheless, after three decades of regrettable experiences in elaborating these international strategies, the world has received another such strategy to cover the years from 1991 to 2000.

If we compare the objectives set in, for example, the international development strategy for the decade from 1980 to 1990 with actual levels, the goal was to secure average annual rates of increase of 7 percent in the gross domestic product of the developing countries, but the

actual rate was around 3 percent a year on the average (even in the 1960s and 1970s, however, the growth rate did not reach 6 percent). Furthermore, we have observed a clear and fairly rigid connection between the growth rates of different groups of countries. From 1970 to 1980, for example, rates of economic growth were 3.2 percent a year in the developed capitalist countries and 5.7 percent in developing countries. From 1980 to 1985 the rate dropped to 2.4 percent in the first group and 1.9 percent in the second group (excluding the oil-producing countries), and from 1985 to 1990 (according to estimates), it was 3.1 percent in the first group and 3.3 percent in the second.

The strategy for the coming decade says in guarded terms that a steady rate of increase of around 7 percent would create the necessary conditions for genuine economic reform accompanied by the rapid rise of employment in the production sector, the eradication of poverty, and the acquisition of the resources needed for environmental protection. But what will produce these indicators if the forecasts drawn up in the United Nations at the same time predict rates of economic growth of 3.1 percent a year in the developed capitalist countries and 4.3 percent in the developing countries from 1990 to 2000, with the spread ranging from the highest rate of 6.1 percent in South and East Asia to the lowest of 2.9 percent in Latin America?

To a considerable extent, the strategy is dependent on a flow of foreign financial aid into the developing countries. Returning to the question of the USSR's official status as a developed country and of its consequent moral obligation to offer financial aid to developing countries, combined with the actual economic position of the country, where the standard of living is lower than in many developing countries, we should be able to estimate the actual amount of aid extended to developing countries. This does not mean that the estimate can serve as grounds for the complete cessation of aid or, on the contrary, an increase in aid. This is a separate issue. The problem is that foreign cost estimates of the amounts of our aid differ radically from the data of Soviet sources when these amounts are converted into U.S. dollars to produce a basis for comparison. If the amount of aid in rubles totals 12 billion rubles, for example, this is equivalent to 20 billion dollars at the official rate of exchange. The cost of all of the official aid extended by all states to developing countries in the 1980s has been estimated at 35 billion dollars a year, but according to foreign estimates, using another rate of exchange, our aid totaled 4 billion dollars.

Even if we accept this figure, the USSR's share of the total aid extended to the developing countries by the world community is at least 10 percent. At the same time, our GNP represented a modest share at best of the total GNP of the developed countries. Therefore, explanatory work will be required to substantiate our policy in this sphere of foreign economic activity.

At this time and in the near future, the main objective in USSR economic relations with developing countries consists in the quick development of an economic and organizational mechanism to establish the necessary conditions for operations by Soviet economic organizations and enterprises in these countries in two directions.

**First.** The developing countries are known to be heavily in debt to the Soviet Union. In the past, deliveries of goods in repayment of these debts were based on the intergovernmental agreements of state foreign trade organizations. Now that enterprises will be conducting foreign economic operations autonomously, there is no mechanism allowing the enterprises to obtain (or purchase) goods in developing countries in repayment of their state debts. They are submitting many requests, however, and they are offering many goods, including tropical foods—not only some in short supply in the Soviet market, but also some foods that are completely unfamiliar to the Soviet consumer, who has never eaten them because they have never been imported by the USSR.

**Second.** In world practice, the most appealing spheres of foreign investment have been light industry and the production of foods and raw materials, with relatively low proportional capital requirements (in contrast to machine building, metallurgy, road construction, the mining industry, and others), a quick return on invested capital, and a high profit margin. The resulting products with relatively low overhead costs can be sold readily in the host country and the country of the investment's origin. This offers unlimited opportunities to the Soviet market.

Developing countries are inviting investors. The Soviet consumer is waiting for products. For the Soviet enterprises representing the potential investors, however, these opportunities are just as far from realization as the earth is from UFO's and extraterrestrials. Some people might ask where we would get the capital, but it is no secret that equipment, crude resources, and materials worth hundreds of billions of rubles are lying idle in the national economy. The liberalization of commercial activity and the necessary information could mobilize all of this incalculable wealth for the benefit of the Soviet market and the economies of developing countries. It is true that the USSR Council of Ministers took measures

to develop economic operations by Soviet organizations abroad, but these measures, just as all the rest, are not being implemented because the necessary organizational conditions are lacking and because they are obstructed by several of the provisions of decrees that have not been enacted yet.

Some people might say that all of this is supposed to be secured by the market mechanism and that the USSR Supreme Soviet approved the "Basic Guidelines for National Economic Stabilization and the Transition to the Market Economy" on 19 October 1990. Let this program secure the necessary mechanism. If we take a close look at this document from the standpoint of the direction of Soviet businessmen into these two spheres of activity, we see that from beginning to end, both in the guidelines pertaining to the domestic economy and in the section on foreign economic activity, it "thinks" of the development of the national market with an attached foreign economic sector only in terms of the augmentation of resources with a flow of foreign investments and imported commodities into the Soviet market. It appears that no one even considered the possibility and economic expediency of sending Soviet capital abroad. Current plans are confined to the establishment of joint-stock companies and joint ventures.

**In conclusion,** I have to say one more thing about the role of states in market regulation—this time with regard to the USSR's relations with developing countries.

For many years, or even decades, the centrally directed foreign economic policy in this sphere stipulated that Soviet exports to developing countries should be 1.5-2 times as great as imports from these countries. The foreign currency earned from these exports was used to import goods from developed capitalist countries. Now that the market and the foreign economic mechanism are being established, if everything develops at a normal rate, this bias should be corrected, and economic exchange with the developing countries should be carried out on a balanced basis, or perhaps even with an excess of imports. In any case, the regulating role of the state or government should not introduce extraneous factors into this exchange at the expense of Soviet economic interests, as it has in the past.

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## Contest for Azerbaijan Oil Field Joint Venture Reported

### Mutalibov Meets With Business Representatives

91UF0691A Baku BAKINSKIY RABOCHIY in Russian  
2 Apr 91 p 1

[Azerbaijan Republic Presidential Press Service release: "An Invitation to Cooperation"]

[Text] On March 30, Azerbaijan Republic President A.N. Mutalibov received a group of business people who are visiting Baku from the United States and who represent the interests of Amoco International Corporation.

While welcoming his guests, A.N. Mutalibov pointed out that in its relations with foreign countries Azerbaijan attaches great significance to ties in the area of economics, including oil production. We are also interested in the formation of reliable, mutually beneficial cooperation with the United States. The leadership of Azerbaijan, he said, intends to fully utilize the homeland's natural resources in the interests of the people.

Amoco Eurasia Petroleum Company Corporation President R. Blanton and MacDermott International Company Vice-President M. Igles thanked him for the warm reception, expressed their readiness to actively cooperate with Azeri experts in the area of offshore oil production, and made a number of specific proposals.

Azerbaijan Republic Prime Minister G.A. Gasanov, Azerbaijan CP Central Committee Secretary F.E. Musayev, and others participated in the conversation.

### Azerbaijan Republic President's Press Service

#### Amoco Official Interviewed

91UF0691B Baku BAKINSKIY RABOCHIY in Russian  
3 Apr 91 p 3

[Interview with Amoco Eurasia Petroleum Company Corporation President Robert Blanton by Azerinform Correspondent N. Barskiy under the rubric: "Amoco—Kaspmorneftegaz Production Association Cooperation: Prospects for Cooperation": "Azeri"—This Is a World Class Opportunity"]

[Text] From the Arctic and Alaska to Africa and the Middle East—world famous Amoco Corporation's geographic range of participation is that broad in the search and development of oil and gas fields. Amoco marked its 100th anniversary two years ago. Right now this American company's managers and leading experts are in Baku and they are cooperating with MacDermott International Cooperation which specializes in the construction of platforms for developing deep-sea oil fields. They flew in from the United States on their company aircraft to present a project on joint, with their Azeri colleagues, exploration of the promising "Azeri" Offshore Oil and Gas Field. Their project, equally with the proposals of

other foreign firms, is participating in the competition which Kaspmorneftegaz Production Association announced based on tasking from the government of the Azerbaijan Republic and the USSR Ministry of the Petroleum and Gas Industry.

Amoco Eurasia Petroleum Company President Robert Blanton heads the corporation team. Republic television viewers could have seen this prominent businessman while he celebrated his 62nd birthday in April when the guest assessed the proposed partnership in the Caspian as a "world class opportunity" during a brief television interview.

"How do you explain such a high rating of our oil field from the lips of the head of a company which conducts operations in more than 40 countries?" The conversation with Mister Blanton began with this question. Despite a frightful shortage of time, Mr. Blanton willingly talked with the Azerbaijan Information Agency correspondent.

[Blanton] "Azeri" is the national property of the Azerbaijan Republic, an oil field that promises enormous profit and, as I understand it, during the selection of a foreign firm competing for the partnership particular attention will be paid to that project which first of all provides for the welfare of the Azeri people while combining high economy of development with ecological cleanliness, safe operation, and creation of an infrastructure for a positive solution of the region's social problems. I think that we have something to propose in this context. Our corporation has the experience of long-term mutually beneficial cooperation with Egypt, Argentina, on the North Sea shelf—in its British, Norwegian, and Danish sectors and, I hope, if the Azeris give preference to us, we will not only be able to help in the rapid and efficient development of the oil field, but we will also be able to facilitate the involvement of local manpower resources in production and teach personnel leading technology and mastery of the most modern equipment.

[Barskiy] Having attended Azerbaijan Republic President Mutalibov's reception and having met with Republic Prime Minister G.A. Gasanov during the course of conversations at various levels, Mr. Blanton, you surely have already ascertained for yourself that Azerbaijan, which is confidently progressing along the path of actually augmenting its sovereignty with the goal of raising the people's standard of living, needs these types of international contacts. Unfortunately, an extremely distorted perception of events in the Transcaucasus has been formed in the world and in this context it is difficult to overestimate the significance of Azerbaijan's cooperation with a well-known firm. What is your corporation specifically proposing to our republic which is increasingly actively developing independent business ties with foreign partners?

[Blanton] When we conclude business contracts, we proceed based on this principle: a good undertaking benefits both sides. Our competitive project primarily



reflects the conditions proposed by the Azerbaijan side. It is no secret that the oil production process seriously damages the environment and therefore we traditionally attach enormous significance to the ecological aspects of oil field exploration and exploitation. Naturally, we cannot compare to Kaspornftegaz experts in their knowledge of operating conditions in the Caspian but we have become thoroughly familiar with the geological and geophysical documentation that we have purchased, just like our competitors have, from the Azerbaijan side. While compiling the project and preparing for its presentation, Amoco experts studied conditions directly on site—under the "guidance" of Mister Kurban Abasov, one of the pioneers of Soviet offshore oil production, and our colleagues from MacDermott with whom we have been productively cooperating for many years have, as you know, the experience of contacts with Baku's Shelf-proyektstroy.

The corporation assumes that, if our proposals are accepted, cooperation with Azerbaijan experts will turn out to be both mutually beneficial and long-term and "Azeri" will be just the initial stage of promising cooperation between Soviet Azerbaijan and American firms. We know that previously the people of your republic far from always received any benefit from their natural resources. I think that the development of this oil field will provide enormous profit to the people of the republic. While investing billions of dollars, we have in mind both the construction of housing, hospitals, schools, roads, and an international airport and the implementation of a number of programs in the area of agricultural production in the republic. And these are not far-fetched plans but our normal practice that has been approved in many countries. Amoco has significant financial and technical capabilities to implement a project on this scale.

[Barskiy] Are you satisfied with the presentation that took place?

[Blanton] Meticulous experts listened to us for three hours without a break and bombarded us with business-like questions that obviously testify to the Azerbaijan side's great and sincere interest in our proposals.

[Barskiy] You have sent an official invitation to the President of the Republic to visit Amoco Headquarters during his impending visit to the United States....

[Blanton] I presume that it will be extremely interesting for the leader of Azerbaijan to carry away his own impression of the activities of our research centers and to become acquainted with the corporation's highest leadership. But the matter is not only production issues because the bonds of twin-cities link the residents of our Houston and your Baku and both cities are actively developing petroleum production and petroleum refining and our Texans, who consider themselves to be the descendants of the cowboys of the Wild West, like the Azeris treasure their country's historical past. And so we would be happy to cordially greet our guests from the

shores of the Caspian in the homeland of George Bush, James Baker, and many other prominent Americans. Guests whom we are so much alike.

### Proposals Described

91UF0691C Baku BAKINSKIY RABOCHIY in Russian  
3 Apr 91 p 3

[Unattributed Azerinform Article under the rubric: "Presentation": "With Whom in Tandem?"]

[Text] World-famous British Petroleum, Statoil and Co., and Amoco Eurasia Petroleum Company corporations, who have displayed an interest in creating the first joint venture in Azerbaijan on a competitive basis, are prepared to cooperate with Kaspornftegaz Production Association under mutually beneficial conditions that meet the interests of the republic. The official presentation of each of their proposals on the development and infrastructure of "Azeri" Oil Field and the development of the republic's social infrastructure took place in Baku.

The information presented by the foreign experts to the competition's organizational committee turned out to be interesting and cognitive in all respects. Reflecting the technological and financial capabilities of the competition's participants, the information became a unique demonstration of the near future which awaits "Azeri" Oil Field in the event that these proposals are accepted.

"We are confident of our strengths and hope that the experience we have acquired in cooperation with more than 70 countries, including in the field of exploration, extraction of hydrocarbons, and sales of petroleum products on the world market will permit us to achieve success in the competition," said Tom Hamilton, British Petroleum Exploration senior manager for insufficiently explored areas of the world.

"In tandem with us, all the more so," added Ole aga [sic], vice president of Statoil. "Our alliance with BP, created last year, as before has the largest technical assets for oil production in offshore oil fields. We were first in Iran and Kuwait, in the North Sea and in Alaska, and in the Gulf of Mexico and we have the unsurpassed experience of international cooperation in the development of the continental shelf.

According to expert assessments, Azerbaijan oil workers, who are developing the Caspian's deep-sea oil fields in the old way and dangerously due to being poorly equipped technically and technologically, lack both this experience in the area of environmental protection and in the creation of safe working conditions on the high seas. As it turns out, we do not really need to build several dozen expensive and gigantic stationary platforms for this purpose from which shafts can be drilled into the hidden depths. A total of three to four of these platforms are sufficient for intensive development of "Azeri" Oil Field that has been opened in the Caspian area where the water level fluctuates from 120 to 250 meters.

increase production capacity. Moreover, distinguished from the program of BP and its partners by its social direction, it provides for completion of the construction of Baku International Airport, erection of housing and public health facilities, and financing of various agricultural projects in the event a contract is signed.

### **International Investment Bank Official on Goals, Activities**

91UF0655A Moscow PRAVDA in Russian 13 Apr 91  
Second Edition p 5

[Interview with International Investment Bank Secretary Doctor of Economic Science V. Zholobov by L. Chausov under the rubric: "Dialogue: The Reader Asks, Argues, and Thinks": "They Love To Count Money: A Conversation with a Financier"]

[Text] "Right now all sorts of new novice banks have multiplied in our country. Their names are also being flashed in the press. In the meantime, we have not heard anything about such organizations as the International Investment Bank for a long time. How are its affairs?"

M. Orekhov Saratov

The capital's sky with the spring clouds is reflected in the golden mirrored windows of the imposing, very tall building—the central of three skyscrapers in "Moskovskiy siti" [City of Moscow] that goes out onto Sadovoye Ring from its prospekt. The MIB [International Investment Bank] recently moved into this new building but reliable electronic communications have already been established with the majority of foreign banks and partners.

Columns of numbers light up computer display screens and the dealers' halls where you cannot enter without knowing the password: operators work here who have access to international hard currency markets using the computer. How they earn that hard currency!

International Investment Bank Secretary Doctor of Economic Science V. Zholobov answered the questions as follows.

[Chausov] What is your bank? What functions does it fulfill and why was it established?

[Zholobov] As it follows from its name, the bank is involved with investments—financing the new structural development or reconstruction of already existing production. It was founded two decades ago based on an intergovernmental agreement. Besides the USSR, five countries of Eastern Europe, Vietnam, Cuba, and Mongolia are members of the bank.

Another similar credit was received by Guta Staleva-volya Industrial Combine (Poland).

[Chausov] And yet: It would be interesting to know what kind of relations the MIB has with the world money market?

[Zholobov] As we financiers say, we have formed excellent correspondent's relations with the leading banks of the FRG [Federal Republic of Germany], England, France, the United States, and Japan.

During the mobilization of resources in the West, we have initially and always operated according to the laws of the local market. For example, MIB dealers are not differentiated in any way from the operators in the hard currency market in Frankfurt-am-Main or London, New York or Tokyo. These same methods for completing financial operations, these same modern electronic devices, these same operating principles based primarily on personal knowledge of your partner and your trust in him. These same traditions of professional honor: the work of the dealer is generally unthinkable without this.

[Chausov] Tell me, in your opinion, what are the bank's prospects?

[Zholobov] These prospects are good. Without false modesty, they are good. So, for example, the profit in convertible hard currency received for 1990 alone increased by seven percent in contrast to the previous period and reached \$55 million.

[Chausov] However, a report once flashed past in the new Moscow press in which the MIB's future was placed in doubt. Would you say in this regard?

[Zholobov] At the last MIB Council meeting, I discussed the bank's development concept under the new conditions of cooperation and I advocated preserving its status as an inter-state organization which is open for any interested countries to enter it.

As for any individual commerce reporters' idle suggestions, their assessments have little in common with reality.

Instead of a resume, I want to point out that perhaps the International Investment Bank's entire collective is in an optimistic and businesslike mood. There are grounds for this: Significant paid capital in hard currency, good profitability, quite high efficiency in facilities to whom we have extended credit, and a skilled staff of banking specialists. And henceforth we intend to conduct business in a close, reliable "bunch" with all solid partners and considering the rapidly changing situation in the sphere of the world economy and finances. We love to count money—and hard currency, too.

[Interview with USSR Trade and Industry Chamber Presidium Chairman Vladislav Leonidovich Malkevich by an unidentified PRAVITELSTVENNYY VESTNIK Correspondent: "Trust Is also Capital"]

[Text] In recent years, our business managers have expressed the opinion that we must more aggressively develop ties with the outside world and encourage the influx of foreign capital into the USSR's national economy. Many of the leading capitalist countries' businessmen have properly assessed this position. The establishment of numerous joint ventures of various sectors at least serves as confirmation. What are the possible prospects of development of the processes that have begun? USSR Trade and Industry Chamber Presidium Chairman V. Malkevich discussed this at the request of a PRAVITELSTVENNYY VESTNIK correspondent.

[PRAVITELSTVENNYY VESTNIK] Vladislav Leonidovich, you have previously optimistically assessed the possibilities to expand the country's foreign economic ties. Do you continue to be optimistic right now when a reduction of rates of development and a reduction of the volume of production are clearly visible and Western business is shifting to a more guarded, wait-and-see position?

[Malkevich] Someone once sadly joked that a pessimist is a well-informed optimist. I have a different attitude toward this aphorism: While possessing adequately complete information about the dynamics of foreign trade ties, I nevertheless think: we have everything in order to come out of the difficult situation in which we have placed ourselves.

Soon the country's leadership will have to make serious, even dramatic decisions. While doing this, we must coordinate our steps with those that are occurring abroad. We have long since not been able to permit ourselves the luxury of living in a closed sphere while thinking that we are capable of using our resources to be self-sufficient. Meanwhile, many business managers, economists, and politicians are still being guided by that stereotype that we are doing the outside world a favor by trading with them. We must remember: total world trade volume is nearly U.S. \$8 trillion and the USSR's share is less than one percent. In other words, we are practically not seen on the world market and it can get by completely without us.

Objectivity requires me to point out that, even during the so-called years of stagnation, our foreign trade organizations had to earn their bread—each of our positions on the world market was won in a sharp competitive struggle and through the efforts of thousands of people—workers and experts. It is simply inappropriate to cross out all of this. Therefore it is naive to assume that

enterprise directors who have obtained the right to directly access the foreign market have already fully sensed this. The sovereign union republics must also get to know this.

The time to cast stones has passed. The time has come to gather them. But we do not need to do this using administrative methods but using the category of mutual interest, profit, and percentages.

The very need to join efforts does not cause me any doubt. Ask any Western businessman—what attracts him to the Soviet market? The answers will be unanimous: its skilled work force, its enormous size, and its varied resources.

A single customs and patent territory, finance system, a single economic operating domain—this is the Soviet market's enormous advantage in the eyes of foreign investors. We will not manage to preserve this—we will be thrown back decades and we will bury the idea of a powerful single market in the swamp of economic feudalism. And then there will be no talk about USSR participation in GATT [General Agreement on Tariffs and Trade], in the International Monetary Fund, or about equitable negotiations with the European Community.

[PRAVITELSTVENNYY VESTNIK] Incidentally, about the European Community. How realistic is the "United States of Europe"? Will we be able to join it later on?

[Malkevich] In order to answer that, I need to analyze, albeit briefly, the economic and political situation in Europe. The wave of changes that swept through the countries of the continent in the last one and a half to two years caught everyone—both the East and the West—unaware. The dynamics of the events clearly surpassed and even now surpass their profound comprehension and analysis, calculation of all pluses and minuses, and clarification of interests and positions. Europe has once again turned out to be the focus of world politics.

Actually, there is something to calculate: The Postwar Europe that was created according to the Yalta and Potsdam blueprints was quite rigid, somewhat conservative, but on the other hand a quite sturdy structure. However, fears have recently arisen in the East and in the West that Europe's postwar geometry is fraught with unanticipated changes.

History has been repeated on a new loop of the spiral: formation of a collective security system in Europe, that very system that the USSR unsuccessfully attempted to create at the end of the 1930's, was the central issue on the 1990 agenda. Essentially, it is this question that forms the basis of the "Common European Home" concept and appears to be the core of the initiative to create an "All-European Confederation."



significance of the All-European political process: what will the economic map of Europe become at the end of the century? In order to present this in reality, we need to understand that the Europe of the 1990's will constantly feel the pressure of the new polycentric global economy....

[PRAVITELSTVENNYY VESTNIK] What do you have in mind?

[Malkevich] The Free Trade Agreement between the United States and Canada (1989) provided an impulse to the formation of a single North American market into which Mexico will gradually be drawn.

The Asian Pacific Ocean Region, which now accounts for more than 40 percent of world trade, has every reason to lay claim to the lead in the world economic marathon. Expert assessments unanimously testify to the fact that in the 1990's Japan will remain the Pacific Ocean economy's "generator." There is a high probability that Japan will maintain its role as the largest exporter of capital and donor of official aid for development purposes and also as the center of integration processes in the Pacific Ocean Basin. If previously integration processes primarily developed under the influence of market forces in the Asian-Pacific Ocean Region, their more regulated nature became a reality after the Ministers Conference in Canberra in November 1989.

All of this directly influences the formation of the face of the New Europe. What is more—it was the fierce trade competition in the United States-Japan-West European triangle that became the catalyst of Western European integration in the 1980's. I need to say that competition with Japan has a particularly sharp nature. In recent years, the trade expansion of the "four Asian dragons" has been added to it—their share of total world exports increased from four percent in 1975 to 11 percent in 1980.

The Single European Act of 1985, which imparted—after the Rome Treaty (1957)—a "second breath" to Western European integration, was essentially European business' answer to the Pacific Ocean challenge. The united European Market's combined economic potential is nearly equal to the U.S.'s potential with a significant edge in the Community's manpower resources and more dynamic rates of economic growth.

The era of Europessimism has ended: The European Community promises to be transformed into an important force on both a regional and a global scale by the end of the century.

The European Free Trade Association (EFTA) and the countries of Central and Eastern Europe are not indifferent to the process of forming a "single European market." One can state for sure that the development of integration processes in the EC is turning out to have a unique "magnetic effect" on its European neighbors.

desire of both countries to enter the EC are on the EC Commission's desk.

And nevertheless in the next few years, the structural impact of the EC and EFTA will be quite difficult to implement for two primary reasons. First, the numerical expansion of the Community will inevitably impede the qualitative deepening of integration, that is, the solution of the most complex issues—the European monetary system, indirect taxation, and intellectual property. Second, of the six EFTA members, only Norway, being a conscientious NATO member, can today easily adapt to the EC's political structures.

Therefore, the most probable scenario is the deepening and development of the idea of the "European Economic Domain" which was formulated in the Luxembourg Declaration of the EC and EFTA (1984). The subsequent realization of this program will result in associative relations and a "privileged partnership" between the EC and the EFTA. The structural merger of these economic formations in the near future is doubtful.

[PRAVITELSTVENNYY VESTNIK] Hence it follows that this prospect is still inaccessible for our country, is that not so?

[Malkevich] The goal is attainable but this requires significant efforts from our side and, of course, time.

[PRAVITELSTVENNYY VESTNIK] And how do you assess the Eastern European countries' possibilities for membership in the EC?

[Malkevich] None of them is capable of rapidly adapting to the strict standards and requirements of the "single European market" without even talking about the Community's political and social mechanism. I will say more—each new turn of integration within the EC is objectively complicating access to the Community while presenting increasingly higher requirements to any aspirants for membership in the Common Market.

Even with the most favorable attitude of the EC Commission, the member-states, and the European Parliament, the prospects are quite problematical for expansion of the EC due to the Eastern European countries.

[PRAVITELSTVENNYY VESTNIK] The January events in the Baltic Region caused a negative reaction from the European Community. And on the whole, Western business and politicians are quite cautious and sometimes even frankly and critically assess the processes that are occurring in our country. Under these conditions, can we talk about the possibility of the withdrawal of foreign investments from the USSR?

[Malkevich] It seems to me that the reaction of the European Parliament and the European Council to the tragic events in the Baltic region was hasty and inadequate. Too much work, time, and effort has been put into the establishment of the new system of relations in Europe

and also in the entire world. Too much is at stake. It is dangerous when political decisions are made on an emotional basis.

Pay attention—the Community's reaction is significantly sharper than the individual reactions of many countries that are EC members. This means that for now a weighty, realistic approach predominates in the European capitals.

It is difficult to amass the capital of trust and cooperation but it is easy to lose. And this is the most valuable thing that we have succeeded in jointly accumulating during recent years. While meeting with Western businessmen and politicians in recent weeks, I do not tire of repeating: Do not rush to conclusions and do not make rash decisions. You are dealing with an enormous country where the most complex processes are occurring which it is difficult to "delve into" in the individual paragraphs of some agreements or other and for which it is difficult to select analogies from the history of other countries.

To freeze credits which have already been allocated to the USSR—who gains from this? The transition to the market which has begun and to which there is no alternative will simply be prolonged in time and will proceed with a great deal more pain and with huge social costs without credit support. Do our Western partners need this? I doubt it. All the more so since state credits are traditionally considered to be the most effective instrument to accelerate one's own exports and to support national export firms in world trade practice.

The facts are evidence that a definite understanding exists abroad on this score. So, the U.S. Administration is still occupying a sufficiently weighty and cautious position. On February 12, the French government announced its decision to extend the USSR \$400 million in credit and to guarantee \$200 million of private banks' export credits. Finally, the parliament of the Republic of Korea has just approved extending the USSR U.S. \$1 billion in unlinked financial credit in addition to the previously allocated investment and goods credits for a total sum of \$2 billion which did not require parliamentary approval.

I must say that the attitude toward our internal problems was quite correct in Japan where we conducted the 13th Joint Meeting of the Soviet-Japanese and Japanese-Soviet Committees for Economic Cooperation in February.

In the final analysis, both we and our partners can well imagine the value of detente. Therefore, a return to the Cold War is equally dangerous for the East and for the West.

As for foreign investments, here the situation is simple: foreign capital will not come to us without political stability, without a single economic domain, and without a single legislative system. This is an axiom.

I repeat what I have already said: foreign capital will not operate in a situation of a war of laws, fatal hopelessness, and pessimism. We are increasing neither prestige nor confidence among our foreign partners while involved in continuous self-flagellation and while raining ashes down on our heads. In the meantime, today many of our prominent economists and politicians public speeches are working against the influx of foreign capital into the Soviet economy.

I physically sense the alarm of business people in the West and their uncertainty in our stability since I meet with them a lot and often. Who will invest money in a partner who does not trust himself?

Today we need responsibility more than anything else. We cannot operate on slogans, platforms, and economic concepts. We brilliantly learned how to destroy, subtract, and divide. It is time to finally learn how to earn, build, and create. And in so doing to restrain civilian emotions within civilized limits.

### **Lack of Information Hampers Soviet Foreign Trade**

91UF666B Moscow PRAVITELSTVENNYY VESTNIK in Russian No 10, Mar 91 pp 10-11

[Article by V. Krylov, USSR SM GVK VNIIVS information department head: "One more Information Famine Interferes with Effectively Conducting Foreign Trade Operations"]

[Text] What is valued more than anything else in the business world? Any businessman will tell you: information. In all the industrially developed countries, it has long been viewed as the most important "product" of public production and the most valuable and popular commodity in international trade.

We all know that a businessman spends money quite warily. However, he does not scrimp on expenses for the development of the information complex. Nearly \$35 billion was spent for this purpose in Western European countries and \$52 billion in the United States at the end of the 1980's. In our country, we have been isolated against our will from foreign markets, deprived of business information, and have remained generally "illiterate" on foreign economic issues for decades. The situation has changed little even after April 1, 1989 when all enterprises and organizations whose products are competitive on the foreign market were themselves authorized to carry out export-import operations. The majority of the 21,000 registered foreign trade activity participants in the USSR who have already obtained the right to independently access the world market as before have a vague idea of world market competition.

Right now some foreign partners are rubbing their hands with glee at our lack of information and also at various types of disconnects due to actual decentralization of foreign trade. As a result, domestic natural resources are being shipped abroad for next to nothing. We all know

very well that world prices for raw materials have been falling for several years now. And our country is suffering huge losses because of this. But today we at times cannot sell them even at these low prices.

Here are several examples of trade misfortunes with other countries. In London, our businessmen-dilettantes signed a contract for delivery of 600,000 cubic meters of lumber to Great Britain at a price that is 40 percent below the world price. Blagoveshchensk Gorpromtorg shipped carbamide to China, having miscalculated the price by more than half.

At times things are reduced to anecdotes. For example, in 1988, the Italian firm Risocomex offered Eksport-khleb All-Union Association 30,000 tons of our own rice. We can only guess how low its price was determined in the trade deal if the Soviet foreign trade association, even having passed through the hands of several intermediaries, was offered quite favorable terms.

We all know that a gain or loss in price for all Soviet foreign trade goods turnover of only one percent is equivalent to an increase or decrease of 600-700 million rubles per year in the country's exports or imports. This is the price of commercial "ignorance." And direct hard currency losses are quite a bit more.

USSR MVES [Ministry of Foreign Economic Relations] and the USSR Trade Industry Chamber had a monopoly on foreign economic information until recently. A mass of publications is published under their aegis: beginning with such magazines as VNESHNYAYA TORGOVLA and SOVETSKIY EKSPORT to "firm" publications AVIAEKSPORT, STANKOIMPORT REVYU, ELOG INFORMIRUYET, EKSPOKURYER, MERKURIY, PRYAMYYE SVYAZI, and others. But today the departmental All-Union Scientific Research Institute (VNIKI) is the primary information center on issues of world market competition and the activities of foreign firms.

Despite the fact that the institute has truly unlimited sources of vital information on the most varied aspects of foreign trade, alas the scope of its utilization is quite low—a total of 20 percent of all information received. Information flow rates in the industrial environment are quite slow because the information dissemination service in the institute is poor and primitive. The information gathering and processing systems at VNIKI are at an antediluvian level and there are not enough computers, communications, or office equipment. Therefore, the current ramified network of the institute's commercial departments in the United States, Great Britain, France, the FRG, Japan, and India supply foreign economic information to far from everyone who needs it and in a limited volume.

It is true that the Bulletin of Foreign Commercial Information (BIKI) that the ministry publishes three times per week helps to some degree to solve the problem of providing industry with the appropriate information but does not totally eliminate it because the publication's

circulation is a total of 4,500 copies and the narrow departmental interests which the bulletin frequently expresses far from always coincide with industry's interests. Articles in BIKI on goods nomenclatures are in no way tied in with the practical needs and requirements of our industry, foreign trade, and the import and export structure inherent to us. Our exporters' information famine disease continues to progress.

Under conditions of the majority of state enterprises' direct access to the world market, the need to create a single information support system for all organizations involved in foreign economic complex is becoming obvious, in my opinion. The idea for such a system has been batted around for a long time: at first in the form of an exchange of data between the former GKES [USSR Council of Ministers State Committee on Foreign Economic Relations], MVT [Ministry of Foreign Trade], and TPP [Trade and Industry Chamber], then in the form of a data bank for "subscribers" in industry, and later in the shape of a stock information center. Unfortunately, until now these ideas exist only on paper. I see one of the ways out of the impasse in the unification of TASS's and VNIKI's efforts. And the already existing structures of these organizations could serve as the foundation of a centralized system to provide all of the country's organizations with vital economic and commercial information.

TASS is the largest "news factory" in the world and supplies 4,000 Soviet newspapers, radio and television editorial staffs, and more than a thousand foreign publications with vital information. The agency's articles are received in practically all of the country's cities.

VNIKI is not capable of competing in efficiency with an agency that has more modern equipment in its arsenal. Therefore, I think it would be advisable to give TASS the status of the country's single information center for supplying foreign trade information. I am convinced that concentration of the institute's and TASS's efforts would ultimately help to create a real "commercial information industry," tie in to international networks and data bases, attain broad commercial coverage of our industry and, as a result—move out of the background of world business. Without business information we will never switch from the plan of "sell what is produced" to the formula of "manufacture what sells."

#### **'Political Conditions' for EBRD Assistance Pondered**

91UF0684A Moscow SOVETSKAYA ROSSIYA  
in Russian 25 Apr 91 First Edition p 5

[Article by V. Katin, IAN correspondent for SOVETSKAYA ROSSIYA: "At Political Interests: New European Bank Plans To Grant Credit on These Conditions"]

[Text] Luxembourg—The European Bank of Reconstruction and Development [EBRD] opened up in London in a ceremonial atmosphere and with great



pomp. Heads of state and governments of the country shareholders participated in the ceremony. There was a fair amount of speeches and toasts. The press highlighted the words of French President F. Mitterrand about the fact that this is the first specialized institution of an all-European scale called upon to promote the unity of the countries of the continent in a confederation.

Inasmuch as the bank has a direct relationship to our country as well—but almost nothing is known about it in our country—it will be appropriate to talk about it briefly.

First of all, why was it created? Its purpose and main objective is to promote the development of primarily private enterprise in the countries of Eastern Europe, including the Soviet Union. Initially the Americans were very insistent that, in general, all resources should be allocated to the private sector only. European partners tried to show with facts and figures that this was not possible at the present time, because private activity was in an embryonic stage in the East European countries, but to finance immature projects is extremely dangerous—they could go bankrupt. They agreed that 60 percent of the subsidies, nonetheless, will go to private business owners, and the rest will be at the discretion of the bank management.

Now, about those who joined the pool: 40 countries ranging from the United States to Liechtenstein and from Japan to Morocco, plus the entire EEC and the European Investment Bank. Here the USSR and all of the East European countries are both donors and future recipients of credits.

What kinds of financial capabilities does the bank possess, and what can those countries and people, for whom the bank made its appearance in the world, count on? The basic capital is \$12 billion, of which 51 percent belongs to the EEC countries, 10 percent to the United States, 8.5 percent to Japan, 6 percent to the USSR, and so forth. Is this a lot or a little? In the opinion of Western economists, to raise and bring the economies of East European countries to a modern level will require \$70 billion of annual "infusions."

Discussions are now taking place in the EBRD not about at what percent to grant credits, but under what political conditions. The president of the bank, Frenchman J. Attali [as transliterated], introduces complete clarity on this score—financial aid will be granted depending on the degree of democratization of one or another country. He himself has already worked out the criteria: multi-party system, freedom of the press, right to property, free trade unions... But this still is not all. The projects to which resources can be assigned must be approved by the bank administration, as well as all calculations on their cost.

Thus, future credit recipients are now vigorously scratching their heads. Czechoslovak Minister of Finance V. Klaus summarized his thoughts, declaring: It

is a waste of time to conduct negotiations with the EBRD; it is better to turn to the Rothschild bank.

The Soviet Union, being a participant and shareholder of this large financial enterprise, unquestionably desires to obtain the credits that are so necessary to it now. However, for the time being all of this is highly unlikely. The fact is that the Americans were able to squeeze in a special paragraph in the bank charter: The maximum loan to the USSR should not exceed the share of its participation. This condition will remain in effect during the first three years, if, of course, the United States does not extend it to subsequent years. As is acknowledged by the newspaper EKO, an organ of Belgian business circles, this reservation for the Soviet Union reduces to zero the prospect for obtaining real assistance in the short term.

Such is the peculiarity of the new European bank, at whose very basis, in my opinion, lies the intention to influence and to have a political and economic impact on countries that are credit recipients. In addition, these intentions, as we see, are expressed in a very straightforward way.

#### **Supreme Soviet Views Guarantees for Foreign Investment**

*PM1904142791 Moscow PRAVDA in Russian  
12 Apr 91 Second Edition p 4*

[TASS report: "In Businessmen's Interests"]

[Text] A sitting of the USSR Supreme Soviet International Affairs Committee began in the Kremlin 11 April by congratulating parliamentarians—scientists, aviators, and cosmonauts—on the 30th anniversary of man's first flight into near-earth space.

It opened with a discussion of the draft "Fundamentals of Legislation on Foreign Investments in the USSR." Representatives of the USSR Government State Foreign Economic Commission who drafted the document and members of the parliamentary committee were united in the opinion that this legal act may be one of the load-bearing structures in the market transition of the country's national economy. It defines conditions for the activity of foreign investors and the status of free economic zones. The draft is based on the principle of the division of spheres of competence between the Union and the republics.

Summing up the results of the discussion, A.S. Dzasokhov pointed out that when finalizing the draft law the main stress will have to be laid on determining priorities in state investment policy, creating reliable incentives for recruiting foreign capital, and providing guarantees of foreign businessmen's interests regardless of fluctuations in the market situation in the USSR.

The sitting also touched on other questions linked with the USSR parliament's foreign political activity.



## USSR Import, Foreign Investment Policies Critiqued

91UF0639A Moscow NEZAVISIMAYA GAZETA  
in Russian 16 Feb 91 p 4

[Article by Oleg Shenayev, executive director of the Center for Research on Economic Problems of Soviet-German Relations: "The President's Course Weighed on Foreign Scales: The Policies of the Union and Russia and Prospects for Foreign Investments"]

[Text] The center and the republics are taking different paths to national and world markets. The Union leadership, proposing the tactic of small steps with reliance on tightening up the financial policy, is trying to gain time so that existing administrative structures can adapt to the market.

In order to save the empire, the president has decided to use three channels for raising funds.

**The first channel**—is pumping funds out of the national economy. The governmental decrees and presidential ukases adopted by the beginning of this year leave no doubt about the fiscal nature of the center's domestic policy. In essence the president is now killing the goose that is to lay tomorrow's golden eggs. It is hard to believe that he does not understand this. But if he understands, then...then the only means of obtaining funds from the emaciated commercial structures and population later will be tanks.

Nevertheless the 45-percent tax on profit, the establishment of a maximum level of profitability, and the withdrawal of profit above this level into the budget, the imposition of above-normative deductions into the wage fund with the same kind of profit tax (45 percent), the new five percent tax on sales and services, the 11 percent tax on the wage fund for the nonbudget stabilization fund, and also the regular income tax with a progressive scale have in practice forced many enterprises and businessmen to repeat Hamlet's question: "To be or not to be?"

The president's fiscal policy has dealt a serious blow to the enterprises' foreign economic activity as well.

The center has not restricted its appetite for the hard currency earned by enterprises to the introduction of the mandatory sale of 40 percent of it to the Bank for Foreign Economic Relations at the commercial rate of the USSR Gosbank [State Bank] (1.8 rubles [R] per U.S. dollar), which is tantamount to direct confiscation of these funds. It has established norms above which the enterprises must sell hard currency for rubles at the commercial rate to republic or local organs of state authority. Thus the center has simply killed the desire of Soviet firms to engage in exports since it has "given" them only 10-30 percent of their own hard currency. Imports are becoming just as difficult for Soviet enterprises. On the one hand there are fewer possibilities of

obtaining hard currency for expanding imports and, on the other, the president has not left import operations untaxed either.

But that is still not all. Enterprises of the nonstate sector are forbidden to conduct barter transactions under conditions where these operations have already reached significant amounts.

**The second channel**—are direct foreign investments. Until recently the number of joint enterprises registered on the territory of the USSR had been increasing. But by the end of 1990 the Union Government had significantly stiffened their taxation. It began to exact a turnover tax from the joint enterprises, and in October it introduced an import tax as well. The increased tax burden and the deterioration of the overall economic and political situation in the country forced foreign firms to sharply curb their activity in the Soviet marketplace. Only 20 percent of the 2,000 joint enterprises registered in the USSR are in operation now. Moreover, after the events in the Baltics, some of them have expressed their intent to withdraw their capital from the Soviet economy.

**The third channel**—is the enlistment of loans and economic aid from the West. Hardly any of the president's trips ended with the signing of agreements to grant large loans or economic aid. But the West has always expressed a desire to grant funds to those structures that fit into their idea of an economy.

The gross indebtedness of the USSR as of the end of 1990 amounted to \$70 billion. As a result of the curtailment of exports and the rapid growth in imports, the USSR has accumulated \$7 billion worth of defaulted payments on imports.

This predetermined the qualitative change in the USSR's position on the international loan capital market—it lost its status as a reliable trade partner. An inevitable consequence of this change was the stiffer conditions for granting credit to the Soviet Union. Thus, for example, Wilhelm Christians, chairman of the supervisory council of the Deutsche Bank, recently announced that his bank would not lend the USSR a single mark more without guarantees. And even when the German consortium under the leadership of the Deutsche Bank and the Dresdener Bank at the end of 1990 offered a sensational loan in the amount of DM5 billion with a 90 percent guarantee from the federal government, these banks were very upset about the fact that they still had to risk the remaining 10 percent. The next large loan from the FRG, in the amount of DM3 billion for withdrawing Soviet troops from the territory of the former GDR, was made in October 1990 only because of a 95 percent state guarantee. An example of the deterioration of the attitude toward the USSR is provided by the Ausfuhr Kredit-Anstalt (AKA) company in Frankfurt. While in 1988 it granted credit to the USSR without any guarantees, now, according to an announcement from the FRG Ministry of Economics, not a single transaction is concluded with the USSR without guarantees.

On 21 January in Washington, at a meeting of the finance ministers of the "Big Seven," a decision was made to halt the rendering of economic aid until Gorbachev's course was clarified, and this decision was supported by the European Parliament as well. By blocking the decision to grant the USSR the large sum of \$16 billion worth of credit and economic aid (\$15 billion from the U.S. and \$1 billion from the European Community), the West made it clear that it no longer has faith in the word of the center.

The International Bank for Reconstruction and Development made a decision not to grant the USSR the status of an associate member of the bank in spite of the fact that until quite recently this question was essentially already decided.

The center will receive nothing from the European Bank for Reconstruction and Development, created by 42 countries on the initiative of French President F. Mitterrand in May 1990, whose main task is to render aid to the East European countries which have made space for free enterprise. Its representatives announced recently that the European Bank for Reconstruction and Development will be the first bank to establish rules for introducing sanctions against East European countries that have restricted democracy.

The latest events in the Baltics, like, incidentally, the order for joint patrols of the streets of the country's large cities by the militia and the military, inevitably increase the risk of commercial activity in the USSR in the eyes of investors.

There is every reason to assume that if the situation gets worse, the capital already invested in the country's economy and the credit that has been extended to us could be withdrawn completely or in part.

It seemed that the president's ukase concerning a partial monetary reform through withdrawing 50- and 100-ruble denominations from circulation was a purely internal affair, but that was only at first glance. Foreign investors were surprised, according to observers, not so much by the suddenness (that was more or less justified) as by the methods of conducting the reform. They asked this question: How can one trust a government that deceives its people? This act on the part of the president once again shook the West's faith in the seriousness of his intention to proceed toward the market.

The center's uncompromising and ambitious policy is leading in practice not to unification, as certain politicians are trying to claim, but to a collapse of the country's unified economic base, since the natural reaction of the enterprises and commercial banks under Union jurisdiction is to switch to the jurisdiction of the republics. Even now Russian legislation is more advantageous than Union legislation in terms of all of its parameters, both for national and for foreign juristic and natural persons.

On 21 January the RSFSR Council of Ministers approved a regulation "On the RSFSR State Committee for the Administration of Property" (GKI), whose tasks include, among other things, regulation of the denationalization and privatization of state property, and also a transfer of enterprises under Union jurisdiction to the jurisdiction of Russia—and without compensation. This is very important if one takes into account that fact that more than two-thirds of the republic's potential is comprised of enterprises under Union jurisdiction. But the president is trying if not economically then administratively to force the enterprises and banks to remain under his jurisdiction. Evidence of this is the unprecedented order to send to the republic banks special groups, led by the USSR Gosbank, the USSR Ministry of Finance, and the KGB, which have special authority, right down to taking control of them.

The latest KGB action against Gennadiy Filshin, former deputy chairman of the RSFSR Council of Ministers, who allegedly sanctioned the sale of R140 billion for \$7,756,000,000, is nothing but an attempt to discredit the Government of Russia as an independent commercial partner for foreign citizens and corporate bodies.

The progressive nature of the RSFSR legislation as regards Russian enterprises is determined by a series of points. First of all the concept of private ownership (including by foreign citizens and juristic persons) of the means of production, buildings and facilities in it is strengthened.

The draft law on foreign investments in the RSFSR was prepared as a package of laws to create conditions for developing business activity in Russia. Specialists regard the draft as the first serious attempt to create an economic and legal environment for foreign capital on the republic level. On the territory of Russia foreign firms are given the same rights as Russian enterprises. They are granted the right to invest ruble revenues on the territory of the republic.

According to the draft, in the event of nationalization or expropriation, the foreign investor is guaranteed complete reimbursement for his losses in freely convertible currency at the expense of the department that makes the decision to privatize the enterprise which has foreign participation.

As concerns the transfer abroad of the foreign partner's ruble profits, this situation will also soon change in favor of the foreign investor. For the time being he can obtain hard currency for rubles at currency auctions. And in the autumn it is intended finally to open a permanent currency exchange in Moscow. An objective analysis of the drafts of new Russian laws that have already been adopted and those that are being discussed at the present time provides grounds for stating that there is a "bright future" for foreign business in the USSR—on the territory of Russia.

**Republic Economic Ties with Turkey Reported****Cooperation Agreement Signed by Kazakhstan,  
Turkey**

91UFO702A Alma-Ata KAZAKHSTANSKAYA PRAVDA  
in Russian 22 Mar 91 p 1

[Kazakh-Turkish Cooperation Agreement: "Agreement on Cooperation Between the Kazakh Soviet Socialist Republic and the Turkish Republic"]

[Text] The Kazakh Soviet Socialist Republic and the Turkish Republic, hereinafter referred to as the Parties,

considering the historical common character of the cultures, language, and traditions of their peoples,

desiring to develop multilateral cooperation and strengthen existing friendly relations in accordance with the purposes and principles of the United Nations and based on new constructive approaches in international relations,

have agreed on the following:

**Article 1**

The Parties express their aspiration for further broadening and deepening of mutually beneficial cooperation in the political, trade-economic, scientific-technical, ecological, cultural, humanitarian, information, and other spheres on a long-term basis.

**Article 2**

The Parties will create favorable conditions for the development of direct contacts and commercial transactions between Kazakh and Turkish enterprises and firms.

For this purpose, the Parties will render assistance to each other in conducting trade fairs, exhibitions, opening representative's offices of firms and organizations, and facilitate the reciprocal exchange of delegations and the development of business contacts.

**Article 3**

The Parties will actively develop scientific-technical cooperation for the purpose of utilizing modern achievements in the area of science and technology in the interests of the people, their health and welfare, and render assistance and support to joint initiatives of scientists and scientific research institutions.

**Article 4**

The Parties will closely cooperate in the area of environmental protection and rational utilization of natural resources and will exchange information and accumulated experience in the solution of important ecological problems and the elaboration of measures for the prevention of harmful effects on the environment.

**Article 5**

The Parties will promote establishment of air routes and the development of broadcasting, television, and telephone communications between Kazakhstan and Turkey utilizing the most modern technologies.

**Article 6**

The Parties will promote mutual enrichment and expansion of cultural exchange between their peoples and the development of information, cultural, and humanitarian cooperation.

The Parties will assist in the creation of cultural and information centers, will provide broad access to the language and culture of the other Party, and will devote necessary attention to the protection and restoration of monuments of history and culture.

The Parties will, in every way, encourage cooperation of the mass media, development of sports contacts, and tourism.

**Article 7**

The Parties will promote creative and professional unions in the implementation of exchanges for the purpose of mutual familiarization of the peoples of the two countries with each other's lives and strengthen friendship and cooperation between the peoples of the Kazakh SSR and the Turkish Republic.

Special attention will be paid to the establishment and development of contacts between the parliaments of the Kazakh SSR and the Turkish Republic.

The Parties welcome the establishment of twin city ties between the cities of both republics.

**Article 8**

The Parties assign important significance to cooperation in the matter of training and increasing the skills of specialists and leading personnel of the economy in various sectors and will promote the reciprocal exchange of students, on-the-job trainees, and school and higher educational institution teachers.

**Article 9**

The Parties have expressed their intentions on the establishment of consular relations between the two republics and also on the opening of consular missions on a reciprocal basis.

The Parties have reached agreement on the regular conduct of consultations between the ministers of foreign affairs on issues of bilateral relations and fundamental international problems that represent a mutual interest.



#### Article 10

This agreement in no way affects rights and obligations in accordance with active bilateral and multilateral treaties and agreements.

#### Article 11

This agreement enters into force after ratification in accordance with the laws of each of the Parties.

Done at Alma-Ata on March 15, 1991, in two copies, each in the Kazakh, Turkish, and Russian languages, all three texts being equally authentic.

**For the Kazakh Soviet Socialist Republic**

**Nursultan Nazarbayev, President**

**For the Turkish Republic,**

**Turgut Ozal, President**

#### Moldovan-Turkish Trade Prospects Assessed

91UF0702B Kishinev MOLODEZH MOLDOVY  
in Russian 23 Mar 91 p 5

[Interview with Nikolay Osmokesku, Moldova SSR first deputy minister of foreign affairs, by IAN Correspondent Lyudmila Rybkina: "Moldova Is Counting Its Interests"]

[Text] The project to create the Black Sea Economic Cooperation Zone envisions the active inclusion in this process of Soviet republics that are part of the region. Nikolay Osmokesku, Moldova SSR first deputy minister of foreign affairs who participated in the recent conference of interested parties in Ankara, shares his thoughts in this connection.

[Osmokesku] We have been actively involved in the process of preparing the future treaty. All the more so since the republic concluded several agreements on cooperation with Bulgaria, Romania, and Turkey prior to the conference in Ankara. I will point out that not only Moldova has such agreements, but also Russia, Ukraine, and other republics have them.

All partners manifested very great interest in the most rapid establishment of regional cooperation. Specific proposals were prepared on the development of economic, trade, and cultural ties, tourism, and on the joint solution of ecological problems. The document's final text will be signed by the heads of state.

The republics are participating in all stages of treaty elaboration. We have agreed that all participants will have the opportunity to deepen and develop cooperation proceeding from their own needs and specific interests after the appropriate agreement has been signed. But I want to stress that this in no way becomes a counterweight to the interests of the Union.

[Rybkina] Today, what are Moldova's specific needs?

[Osmokesku] We intend to take the first steps in cooperation in the economic sphere. Moldova is interested in creating small joint ventures for processing agricultural products and for forage production.

We view tourism as a priority direction. At the recent meeting in Ankara, we all arrived at a common conclusion: the establishment of ties must be carried out not immediately in all planned directions, there are very many of them, but gradually to the extent that opportunities open up in some area or other. In my opinion, tourism is such an opportunity. If it is diligently managed, the base that the republic has at its disposal will already permit the beginning of an exchange of tourist groups right now. We propose, in cooperation with Ukraine and Russia, organizing comprehensive tourist routes using maritime and motor transportation. We can also establish a panoramic route.

We are also very interested in the development of telecommunications and information science. The Turkish side has modern communications systems and equipment at its disposal in this sphere and could saturate our market with them.

Well, we consider the joint solution of ecological problems to be the most important. The issue is being sharply raised: will the Black Sea be or not be. It must be admitted that our republic bears part of the blame for its pollution. In order to save the sea, we do not only need resources. The main thing is the good intentions and consciousness of the responsibility to future generations.

Moldova is also interested in the development of coastal trade. Right now our consumer market is, putting it mildly, meager. But Turkey, by way of illustration, is seeking sales markets for its goods. So the interest is mutual here.

There is the intention to conduct joint fairs and exhibitions and to establish relations in the area of education (specifically, between universities), the exchange of information, folklore collectives, and sports teams with all of the countries of the region. Right now the republic government and ministries are working on specific proposals. Incidentally, one of them came from the southern region of Moldova—Chadyr-Lungi where the Gagauz live. They have expressed the desire to establish friendly relations with a Turkish city or region.

[Rybkina] A member of the republic government recently stated that Moldova acquired sovereignty last year and set out into the world seeking new partners. Actually, dozens of treaties and agreements have been concluded with various countries during the course of a partial year. How would you assess Moldova's participation in Black Sea state cooperation?

[Osmokesku] I dare say that my assessment also corresponds with the opinions of the other republics and the USSR as a whole. I think that this direction is one of the most real and promising. We must admit that very much unites us and first of all the Black Sea basin and the Black



Sea itself is needed by all of us not only as a resort area and as a transportation artery and fishing zone, but also as the single living medium among peoples. I think that the time has come for a decisive shift of both peoples and states to meet each other halfway for the sake of the common welfare and prosperity.

#### **Kyrgyz-Turkish Initiatives Described**

91UF0702C *Frunze SLOVO KYRGYZSTANA*  
in Russian 9 Apr 91 p 3

[Article by N. Nusubaliyev, executive secretary of the Kyrgyzstan-Turkey Friendship Society: "The Turkish Coast Has Come Closer"]

[Text] The constituent conference of the Kyrgyzstan-Turkey Friendship Society was held in Bishkek. It is symbolic in time that it occurred almost immediately after Turkish President Ozal's visit to our country. The fact of this social structure's appearance in a republic precisely meets the spirit of the important documents on good neighbor relations and cooperation between the two states that were signed during the visit.

"Kench" Concern (the former republic Ministry of Local Industry was recently transformed into it) Chairman K. Abdrayev was elected the society's president. The election was no accident, it is Karyke Abdrayevich who was one of the individuals who is actively responsible for establishing economic cooperation between Turkey and Kyrgyzstan in recent months and the opening of a joint

venture in Issyk-Atinskiy Rayon for the production of sheepskin and fur products with the Turkish Firm "Promoto."

During the initial stage, the venture consisted of 16 leading collective members. Among them are the joint venture mentioned above, Issyk-Atinskiy Rayon's "9 Maya" Kolkhoz, Bishkek's Broyler Association, "Kyyal" People's Fishery Association, Aksuyskiy Rayon House of Culture, Kochkorskiy Rayon's "Min-Kyyal" Folklore-Ethnographic Ensemble, and others. Some of them already have the experience of friendly and business contacts with Turkey. A recently formed association of Turks also became part of it in the capacity of a leading organization and Kyrgyzstan Republic People's Deputy M. Izzatov who heads it became the society's vice president.

The Kyrgyzstan-Turkey Friendship Society's immediate plans include promotion of development and strengthening of multifaceted relations between the two republics and establishment of mutual understanding between their peoples. The arsenal of the work methods and techniques being planned includes an exchange of special tourist groups composed of activists from native societies and specialists from various professions in the areas that present a mutual interest, various information and illustrative materials, the organization of exhibitions that reveal the richness of the national cultures, and much more.

# **U.S. Said To Use Emigre Research Against USSR Interests**

91UF06564 Moscow SOVETSKAYA ROSSIYA  
in Russian 13 Apr 91 First Edition p 5

[Article by N. Sinyavin: "Snake Venom Genes"]

[Text] The exit channel of Soviet citizens headed abroad is a veritable "gold mine" for the Western special services. Their main interest is in persons who previously had access to our country's state secrets. But the highly specific search is not confined just to this aspect alone. In the era of the S&T revolution the special services are paying no less attention to the detection in the emigre stream of so-called vectors of supervaluable ideas.

Recently, for example, the American press reported for the first time that fundamentally new "exotic" types of biological weapons and means of protection against them apparently had been under development in the United States since the start of the 1980's. In the course of the experiments, bacteria which are harmless and which are widespread in nature are implanted by biotechnology methods with snake genes in which the chemical composition of their venom is encoded. As a result of the genetic operations the artificially altered bacteria, the colon bacillus, for example, acquire the capacity for producing and secreting snake venom. Entering the human organism, they begin to poison him with the most "high-grade" snake venom, which acts like the curare toxin and produces a rapid and powerful nerve-paralyzing effect with a fatal outcome.

The army biologists L. Smith and D. Middlebrook of the U.S. Army Infectious Disease Medical Research Institute at Fort Detrick are engaged in the designing of exotic monsters. As the British journal NEW SCIENTIST specified, the U.S. Defense Department has concluded at least five contracts with the Infectious Disease Medical Research Institute and Brigham Young University for the creation of bacteria with snake venom genes built into their hereditary makeup.

There is not a word in the press reports, unfortunately, about to whom the priority of scientific discovery belongs. The silence is highly noteworthy since it is caused by no means by the Americans' lack of precise information. The point is that the idea of designing bacteria with built-in snake venom genes was advanced for the first time by the former Soviet citizen Mikhail Zakharov. In the 1970's he worked in Novosibirsk as a junior scientific associate in a research institute. In 1977, he, on his own initiative, proposed to his scientific leadership an immediate start on the development of the "absolute biological weapon." The essence of this weapon consisted of realization of the idea of designing bacteria with a built-in snake venom gene. As justification of the need for the implementation of this program, M. Zakharov pointed out that it was necessary for the defense of the USSR.

However strange this might seem from the standpoint of the present critical approach to an evaluation of the events of the times of stagnation, M. Zakharov's highly original ideas, concerning, incidentally, a very serious field of military science and practice, received absolutely no support. It was explained unreservedly to the inventor that the USSR had signed the 1972 international convention prohibiting biological and toxic weapons and would not, in accordance with the commitments it had assumed, develop them. The categorical refusal evidently prompted M. Zakharov to seek other ways of realizing his ambitious ideas. It is hard to believe, but literally several months later this adventurer left, in 1978, for permanent residence in the United States. So much for the regime of "total secrecy" in the USSR in the stagnation years!

The subsequent "story" of the life and work of M. Zakharov has been written not by himself, evidently, but by specialists of the American special services. First of all, two years later the first experiments in the designing, according to M. Zakharov's plans of bacterial monsters secreting snake venom, began in the military laboratories at Fort Detrick. As might have been expected, the new "scientific" patrons of the former Soviet geneticist went in for the corresponding publicity. He was portrayed in the American media as ...an expert in USSR policy in the field of biological weapons! By his lying accusations against his former homeland, M. Zakharov actively contributed to the inflation of the propaganda myth concerning the United States' "gene gap" behind the USSR, which, according to the well-known American specialist Jeremy Rifkin, came to replace the "missile gap paranoia." Under cover of disinformation money was extracted for the acceleration of the United States' military-biological programs, and intimidatory passions in connection with the "Soviet biological threat" were stirred at the same time.

The M. Zakharov case is by no means an isolated instance. It is well known that the special services of the United States and Israel are literally chasing after the original ideas of our former compatriots. These purchased ideas are used, as a rule, against our country. The brain drain is thereby causing not only moral losses but is detrimental to the military and economic security of the USSR. The negative effect will be increased many times over by the "emigration bomb" following the enactment of the new law on departure from the USSR, unless it specifies appropriate measures to protect national interests.

As far as the special services of the United States are concerned, it is appropriate to recall a notable historical episode. When Louis XIV, who ruled Italy in the mid-16th century, was offered a prescription for the most horrifying biological weapon by an alchemist, the monarch immediately gave him a pension for life on condition that he never divulge the essence of the barbaric invention anywhere. At the present time also there are frequent situations where the military, politicians, and

the special services should display even a particle of the wisdom of the Italian monarch.

**Tutweiler on Ties To Tbilisi on Earthquake Aid**

91UF0712A Moscow PRAVDA in Russian 2 May 91  
First Edition p 3

[TASS item: "They Are Ready To Help"]

[Text] Washington, 1 May—The United States is ready to provide help to liquidate the consequences of the earthquake in Georgia in any appropriate manner. U.S. State Department spokeswoman Margaret Tutweiler stated this in on Tuesday in a briefing. Our embassy is maintaining contact with Soviet officials, she said. Georgian officials have expressed interest in receiving help from the United States. We continue to gather information about the scale of the damage and the need for aid.

The State Department spokeswoman was asked whether the U.S. Government has more to do with the Georgian Government, as opposed to the central Soviet authorities. She answered, No, I said that our embassy is maintaining contact with the Soviet Government and with Georgian officials.

"But in such questions as this one, are you now maintaining contact with the Georgian Government?" the journalist continued. "Yes," answered Margaret Tutweiler, "I see nothing unusual in the present situation. At the time of the Armenian earthquake we maintained contact with people on-site there, who had the best knowledge of what they needed and of what was happening. We are also maintaining contact with the appropriate Soviet officials in Moscow. But this natural, when you deal with officials at the site."

### Rise of EC as World Power Seen as Nonthreatening

91UF0672A Moscow LITERATURNAYA GAZETA  
in Russian No 16, 24 Apr 91 p 4

[Article by LITERATURNAYA GAZETA correspondent Kirill Privalov: "We Were a 'Threat,' We Have Become a 'Risk'—Discourse on the Future of European Geography"]

[Text] Brussels-Paris—For a house to turn out to be durable and beautiful, thought is first given to its design, and drawings are prepared. There is no defect in the plans for a future "united" Europe. There are enough architects and builders.

But what kind of a design, after the breakup of the military organization of the Warsaw Pact, would satisfy us now?

### Not Friends, Not Enemies

"We are left alone against NATO, without allies..." There is an air of tragedy in these words of General of the Army M. Moiseyev, the chief of the General Staff of the USSR Armed Forces (IZVESTIYA, 4 May 1991). The logic is this: If "Stalin was the father of NATO"—the official NATO wording from the journal REVUE DE L'OTAN—then now, after, it would seem, the "second death" of Stalin, what is keeping NATO from dissolution? The more so in that the Paris charter for a new Europe, with its principles of inadmissibility of employing force against any one of the states participating in the CSCE calls for the repudiation of the bloc system of European security. It would seem this is so. But not quite.

"We see more clearly today how the outlines of the new Europe are being drawn, where any aggression will become politically inconceivable and strategically impossible," believes Manfred Woerner, NATO secretary general. "The unification of Germany and the CFE treaty are necessary so that the syndrome of confrontation between the East and the West disappears, even if we still have to receive proof of the continuation of reforms and democratization in the Soviet Union and in the countries of Eastern Europe."

Is this approach not too rationalistic: To continuously demand from friends proof of their sincerity? However, we are still not friends with the West. But, then, it seems we are no longer enemies? Does not the uncertainty in relations come from the uncertainty in conscience?

"If someone wants to depict NATO as the 'world's policeman,' then he is badly mistaken," Manfred Woerner hastens to assure me. "We do not intend to be either an alternative to the UN Security Council, or a likeness of a big power club, establishing laws at its discretion with fire and sword. Not to mention that settling regional conflicts distracts us from the main task facing the organization—guaranteeing peace in Europe."

And so one is drawn to say after Fanfan-Tyulpan: "Allow me not to believe you, my general." But suddenly, as a matter of fact: If we lose vigilance, will the West swallow us without a trace? Although, however, I am convinced that even America will not manage us—it will choke. And it is not within the ability of Western Europe by itself, even in a dream.

Where does one go, and whom does one believe? The catastrophic economic situation of the country makes it necessary to define as fast as possible orientation points and priorities in guaranteeing security. NATO is being restructured, it is changing its doctrine, and, repudiating the concept of "the enemy in the East," it is interpreting in an absolutely different way the strategy of "forward lines," reducing the American presence in Europe and planning a gradual reduction of its armed forces. It is written in the Encyclopedic Dictionary, which still stands on the shelves in our libraries, institutes, and schools: "North Atlantic Treaty Organization—a military-political alliance, directed against the socialist countries and national liberation movements..." There are no more "socialist countries." It is difficult to put into words what we mean now by "national liberation movement." I am confident that about six years ago we would have assessed Iraq's aggression against Kuwait as "fraternal help on the part of one Arab country to another that has taken the path of democratic development." Accordingly, the military actions of the Americans and its allies would evoke our "general condemnation" as a "villainous act" against a national liberation movement.

Now the situation is different. One does not have to be an eminent thinker to recognize the recent changes in the structure of the armed forces of NATO member countries in Europe and their reorientation from confrontation with the USSR to the resolution of possible regional conflicts. Is it not this remote hint at our country's "hot spots"—the Baltics, the Caucasus, and Moldova—that especially irritates our military commanders in the position of NATO-91?

### Traditions and Ambitions

I am not a specialist on military questions, but I am equally annoyed by the statements of American statesmen that the "Soviet Union will remain as before the only country in the world capable of destroying the United States," and the declaration of our military commanders concerning the "attempts of the United States to achieve military superiority and demonstrate its own superpower status with respect to the Soviet Union."

We do not believe them, who are actively rearming and increasing the professionalism of their armies, and they do not trust us, who are not reducing expenditures on defense and who do not know how to employ the soldiers and officers who have been withdrawn and will be withdrawn from the countries of Central and Eastern Europe.



European vacuum be filled. The answer, it seems to me, has to be sought thousands of kilometers from our continent—in the Persian Gulf.

On the one hand, the Americans have already demonstrated with a blitzkrieg in the Arabian sands that they are in a condition to establish a new world order by themselves. But—for somebody else's money. Because, aside from the Arabian monarchies, the main financiers for the Yankee expedition to the Persian Gulf were the Germans and the Japanese.

On the other hand, with their overwhelming military superiority over the rest of the countries, including the allies, the United States gave a strong push to the new consciousness of the Europeans who sensed: Even if the Americans constitute the basic might of NATO, they are not in a condition to ensure a new order without a "united Europe."

The trends in world economic development "are working" against America. It is the European Community, reinforced by a unified Germany, that now represents the world's main economic colossus. The expenditures of the Americans on defense exceed West European expenditures on this item by a factor of two. It is unlikely that such a position will be maintained in the next few years. "To win at least some kind of international influence, we must form our own multinational armed forces. European quick reaction forces must be created by 1995," declared Jacques Delors, president of the EEC, speaking in London.

Do they not conflict with one another—the "Atlantic idea" and a "united Europe?" It is no secret that, when in December of last year the French and Germans jointly proposed the idea of a future merger of the EC and the West European Union (WEU), the Americans came out resolutely against it, evaluating such a convergence as a strike in NATO's back.

"The Atlantic axis is the basis of European defense," declared General Maurice Schmitt, who at the time of our interview was the chief of staff of the French armed forces (he is now retired). "While the Warsaw Treaty organization was an ideological structure, based on the cooperation of the ruling communist parties, then NATO was first and foremost a political and interstate structure. But is it possible to imagine the policy of a future Europe without the participation of the United States and Canada? I believe that a renewed NATO, after strengthening its political character, will become an important factor of stability on the continent, in which the Soviet Union also is very interested. In order to emphasize the growing 'European' sound of NATO, one can envisage two armed forces commands in the alliance: American and European."

European ambitions and American traditions—can they be combined under the common roof of "capitalism?"

Thirteen states founded America. Twelve countries are trying to create a "united Europe." One of the ways is the creation of an "all-European army." The beginning has already been established theoretically. A naval embargo and a blockade of the Iraqi coastline during the war were carried out under the control of the WEU. It follows that in order to develop a European security system it is not necessary to invent the wheel?

Here, I think, clarity is necessary. Nine West European countries are in the WEU. Add here NATO members Greece and Denmark, plus neutral Ireland, and you get the EEC. In other words, the contours of the two main European alliances do not coincide entirely. They will differ even more in the future: For a majority of the countries that not long ago were in the Warsaw Treaty organization and CEMA are now aspiring for EC membership.

"Establishment of an 'associated states' status for countries of Eastern Europe who desire to join the EEC is possible. Especially since there are two articles in the charter of the WEU that can become key for the future all-European defense alliance," says Jean-Marie Caro, a former president of the WEU assembly, and now a member of the bureau of the French National Assembly. "Article 5 about compulsory and urgent mutual assistance and Article 8 about coming to the aid of any country against whom aggression has been committed. Even if this country is situated outside the WEU zone! But in the NATO charter, the authority of the pact is restricted to the territory of member countries."

The fact that the European security system cannot be purely "European" was first declared by the Germans. Now this is understood by the British, the Spanish, and even by the French, who mention less and less the Gaullist doctrine of an "independent defense." It is very likely that the European security system will grow out of the already existing security structure on the continent, most of all from the CSCE, the provisions of the Paris charter, and the center for the prevention of conflict. However, at a recent WEU assembly in Palermo (Italy), vigilance was sounded repeatedly. Unquestionably, a perceptible improvement has occurred in the European situation. And, nonetheless, it is not only in the strategic balance on the continent that there is not a one hundred percent guarantee. This vigilance of the West with respect to us is insulting, but, in general, it is understandable. If reforms in the USSR fall through, our country once again will be cut off from the rest of Europe. But this means from the world as well. Is this really not a dangerous factor in international tensions?.. This is well understood in the WEU and in NATO, and they are experiencing, as it seems to me, something like a concealed nostalgia for those post-Yalta times when, speaking with the words of Francois Mitterrand, "the order was not acceptable, but it was convenient, because everything was described beforehand." When the East was always referred to as a "threat."

...but for the time being we have moved into the category of "risk" (this is the word in official documents). However, today on our planet, which has been transformed into a powder keg—more accurately, a nuclear one—everyone is at approximately the same risk. Especially if at first a military "united Europe" is built, and only afterwards every other kind: political, currency-financial, economic, and humanitarian. But if the process of defense creation is coordinated with the political-democratic formation of the continent, then sooner or later the confrontation of the East and the West inevitably will be replaced at first with subregional military-political structures, and afterwards with their integration as well.

And it is not necessary to get upset over the fact, it is said, that a division of the world into spheres of influence occurred behind our back as a result of the war in the Persian Gulf, as some prophets in and out of uniform write. Europe supposedly has gone to the West Europeans, and all of the rest—the whole "Third World"—to the Americans. As is known, you cannot count your chickens before they are hatched. Displaying their combat potential, the Americans, the British, and the French are not in a position to cut up the "world pie" at their own discretion without the participation of the Germans and the Japanese. Without taking into account the interests of the oil-extracting states, without studying the opinions of the nonaligned countries, and, in the end, without supervision on the part of the UN Security Council!

Security on the planet today can be nothing other than the result of an agreement of all of the interested parties. Including Europe. We, who have lived in seven decades of isolation, were rebuked that a society could be built on the one-sixth part of the planet that has nothing in common with this planet. But we nonetheless have remained a part of the old woman Europe. No one will dare deny that even today's America is the legal child of Europe. Then can we—Europeans living on both sides of the Atlantic channel—not find a common language now?

#### **Landsbergis, French Official Meet on Relations**

*PM2203163091 Vilnius EKHO LITVY in Russian  
14 Mar 91 p 1*

[Report by ELTA correspondent Romualdas Ciesna: "Ties Broadening"]

[Text] Vilnius, 12 Mar—The French scientific and cultural center which is planned to open in the near future in the Lithuanian Republic's capital will form a kind of bridge between the French and Lithuanian cultures. Creating such a center could be a kind of precursor to opening a French embassy in Lithuania.

That opinion was expressed at the meeting which took place today between Vytautas Landsbergis, chairman of the Supreme Soviet, and Michele Legras, cultural, scientific, and technical attache at the French Embassy in Moscow.

...mutual satisfaction was expressed in the conversation at the ever-broadening ties between Lithuania and France in the fields of culture, science, and technology. Thus, a broad program of cooperation between Vilnius University and the Sorbonne and other higher education establishments is envisaged. French higher education establishments are ready to assist Lithuania in the preparation of specialists in the sciences and international law, and to send teaching staff to Vilnius University, where recently the specialist field of international trade was introduced.

Michele Legras met with scientific and cultural figures of the Lithuanian Republic, visited Vilnius University, and had a conversation with leaders of the "Lithuania-France" Association.

#### **Snags in FRG Housing Construction in USSR**

*91UF07404 Moscow PRAVDA in Russian 13 May 91  
Second Edition p 6*

[Unattributed article: "A Lot of Noise Over Nothing"]

[Text] Bonn—A great deal of noise has been made over nothing regarding requisitions for housing construction for Soviet servicemen. Apparently for want of more heartrending news items, certain major German newspapers have printed on their front pages headings such as: "The Soviet Union Goes Around German Firms," "Bonn Threatens Moscow With an End to Appropriations," "Dispute With Moscow Over Requisitions for Housing Construction for Servicemen."

All this has been elicited as a result of the Soviet side conveying purely business information to the appropriate Bonn authorities regarding its intention to make available contracts for construction in the USSR of the first 3,000 apartments for officers and warrant officers of units of the Western Group of Soviet Forces pulled out of East Germany to Turkish and Finnish firms.

I recall that the Soviet-German agreement signed the end of last year on this matter envisages the construction of 36,000 apartments in various regions of the Soviet Union. In this regard the Federal Republic Government obligated itself to allocate 7.8 billion marks [DM]. The German side expressed the desire that implementation of this program involve the participation of its construction firms. In the agreement itself, however, there is not a word about these firms or about any obligations whatsoever on the Soviet side with respect to them. Moreover, the competitive principle of placing requisitions is stipulated in Soviet-German understandings, and the proposals from Finnish and Turkish firms on construction of the first series of housing units for as much as DM100 million is less expensive than the applications submitted by German firms, with the same quality of course.

However you look at it, there are no grounds for reproaching our side. Why pay some "subsidy" to German firms when they themselves would hardly do so

to us under similar circumstances? And commentary in Bonn that "the Soviets have quickly become familiar with the market economy" can be considered a compliment.

The initiator of this press campaign is the German construction industry association. Through the economics ministry it has roused even the Federal Republic cabinet to discussing the problem of requisitions. A government representative has announced that Bonn is insisting on the participation of German firms. At the same time they acknowledge here that legally the Soviet side is acting properly, in accordance with the letter of the agreement. References are being made only to its "spirit" being injured. But should not a businesslike spirit be paramount in this matter? In any event, it is clear that there cannot be talk of any complications in allocations as long as the Bonn authorities refrain from

violating existing understandings. Judging from everything, however, this will not happen.

The story is nonetheless interesting in two aspects. First, it is curious how German firms fight over every requisition. It would be nice if we saw something similar in the operation of our own construction organizations. Second, the thought has been expressed in press commentaries and the statements of certain government representatives that the agreement was drawn up hurriedly, in last-minute fashion, and that not everything in it was designated appropriately. Nonetheless, the desire to earn, to get back these billions of marks allocated for the construction draws attention to itself. And the question naturally arises—why should we not, our own construction organizations, earn this same DM7.8 billion, which would be so beneficial to the country with its lack of currency?

## Impact of Hard Currency Accounting on Soviet-Polish Trade

91UF0657A Moscow *NOVOYE VREMYA* in Russian  
No 12, Mar 91 pp 26-28

[Interview with Polish Foreign Trade Minister Dariush Ledvorovskiy and USSR Trade Mission to Poland Head Georgiy Sergeyevich Shchukin by NOVAYA VREMYA Correspondent Rudolph Boretskiy, Warsaw, under the rubric: "USSR-Poland": "How To Trade in Dollars When You Do Not Have Any: Or Why Polish Goods Have Disappeared from Soviet Store Counters"]

[Text] Dariush Ledvorovskiy and Georgiy Shchukin can not only competently explain the underlying cause of the existing situation but they can also glance into the future of our economic relations. The former is the youngest minister, he is nearly forty. He runs one of the most important departments in the current Polish government—economic cooperation with foreign countries. Having been a vice minister in the previous cabinet, he conducted negotiations with Moscow on the new principles of Polish-Soviet trade relations. The latter is a very experienced man, he has worked in the United States, and now he has already been heading the USSR Trade Mission to Poland for four years.

While writing the interview with each of the experts, I compared their views on the given problem. It turned out to be a sort of "round table by correspondence."

[Boretskiy] Today Poland, a third of whose foreign economic operations is accounted for by trade with the USSR, seems to have totally disappeared from our buyer's field of vision. What has happened?

[Shchukin] In 1991, according to our forecasts, total turnover will be reduced by half in contrast with the 1990 total. The cause is obvious: Since January 1, we have shifted to mutual payments according to world prices and in freely convertible hard currency. Right now neither we nor the Poles have any hard currency!

[Ledvorovskiy] Yes, today reunited Germany is becoming our primary trading partner. I will point out that the shift to payments in freely convertible hard currency has occurred less painfully in our economic relations with the former GDR [German Democratic Republic]—a part of the current Germany. It has been much more difficult to adjust trade with the Soviet Union.

[Boretskiy] Just how are you going to get out of this situation?

[Shchukin] In 1991, we signed a treaty on so-called inter-coordinated [vzaimouvyazanny] goods and deliveries. The Soviet side will export nearly 20 types of products, primarily raw materials, unfortunately: oil, gas, iron ore, aluminum, and electrical energy. We will receive a somewhat broader variety from Poland....

[Ledvorovskiy] We also have our own "unfortunately" with regard to the treaty on inter-coordinated deliveries. It lists only those goods for which resources have been allocated from the centralized (all-union) budget. For the USSR, this is primarily medicines, coal, and sulfur. Many types of food and light industrial items which Poland has traditionally exported to the Soviet Union have not turned up on the list. They have explained to us that henceforth these goods will not be purchased using state budget resources but will become "regional" interest items. Our suppliers are waiting for the right moment and your contractors are silent for now. But that is a pity! Since last year, we have had a super-surplus in both food products and consumer goods.

[Boretskiy] Why are the contractors silent?

[Shchukin] Because they are not prepared to provide hard currency security for their contracts. In our country, we have decided: let the republics, plants, and cooperatives earn it themselves. Wonderful. But 40 percent of hard currency earnings are diverted to the state budget, another 10-20 to the republic and municipal treasuries, and so forth. Naturally, the producer's vested interest in the export of his goods is falling. Besides, where can he get hard currency? Although the zloty has become domestically convertible among our Polish partners....

[Ledvorovskiy] The situation is actually more favorable in Poland. We had already begun economic reform a year ago and the psychology of our entrepreneurs had a time reserve in order to mature to the new rules of the game on the foreign market. It seems to me that you are still marking time.

Further. Our purchaser already does not need any kind of authorization—license, concession, etc., from the state. If you have hard currency, buy and if you have goods—sell. In your country, there are not yet any or almost no such independent entrepreneurs.

[Boretskiy] But barter, that is, direct exchange of goods without the participation of money?

[Shchukin] Barter is prohibited and on the whole this is just. It is really no secret that enterprises have more than once offered for exchange products which they themselves have not produced: gas, fuel oil, etc. This is intolerable.

[Boretskiy] What is the way out?

[Shchukin] We need a transitional stage and a quite lengthy one. We should not have suddenly introduced payments in freely convertible hard currency overnight but gradually and maybe also through "honest" barter, through a clearing system and other "evolutionary" measures.

[Boretskiy] I understand about "honest" barter. But how do you imagine clearing?



[Shchukin] As an honest system of non-cash payments by crediting mutual obligations. For example, this year we purchase sugar and cigarettes in exchange for gas, negotiations are occurring on butter, powdered milk, meat, and fowl purchases. Payments are oriented on London market prices. For finance operations of a clearing nature, USSR Foreign Economic Bank and the Export Development Bank of Poland have already opened reciprocal accounts. If we, say, exceed our partners food deliveries with our gas deliveries, then we will in addition receive 6.5 percent annual interest. Or, on the contrary, if we lag behind—we pay.

[Boretskiy] What is the advantage of clearing?

[Shchukin] To pay off mutual indebtedness without a transfer of hard currency on each individual operation. We can balance mutual deliveries quarterly, once a year, or at the end of the year. This provides the capability for both sides to accumulate the required amount of hard currency of which there is currently a catastrophic shortage. We cannot solve the problem in a single leap.

[Ledvorovskiy] Payments for each deal also have the inconvenience that they go through American banks and naturally the banks receive a percentage for being middlemen....

[Shchukin] Transition forms of trade would be quite useful right now for those enterprises in the USSR and Poland which have functioned until now on the basis of prolonged cooperation and specialization. Clearing would simply be salvation for the 170 Polish and 400 Soviet plants which are totally "tied" to one another.

[Boretskiy] Georgiy Sergeyevich, please explain the situation with the Polish debt. According to certain data, it totaled nearly five billion "convertible" rubles until recently. But today?

[Shchukin] Actually, according to the state as of January 1, 1990, the Republic of Poland owed the USSR R4.7 billion foreign exchange rubles and \$1.5 billion. In accordance with a request from the Polish side, the dollar portion of the debt has been placed on a 10-year installment plan. As for the ruble debt, during the last year the balance of payments totaled R6.3 billion... in Poland's favor.

[Boretskiy] In other words, the Poles not only paid off their debt but they also managed to make us their debtors for R1.5 billion! What happened, do we not know how to trade?

[Shchukin] In 1990, we drastically reduced deliveries to the Republic of Poland. We did not fulfill our obligations for oil, gas, diesel fuel, or electrical energy. We practically did not export vehicles and equipment. The USSR announced a ban on deliveries of televisions, refrigerators, bicycles, and other household equipment.

[Boretskiy] But it is as if the Polish market rapidly made up for these losses, at least in the area of consumer goods, with imports from Western Europe, South Korea, and Japan....

[Shchukin] That is precisely it. A sacred place does not remain vacant and now it will be difficult for us to return to the Polish market with these goods. I consider the Soviet side's decision to cease exports of household goods to Poland to be erroneous. We should not have done this even with the enormous shortage of them on the domestic market. It was shortsighted.

[Boretskiy] The opinion exists that the USSR artificially created the situation of its own domination in Poland's trade with the outside world. They say that our primary ruse was that same nonmaterial "convertible" ruble. Like a pump it pumped out not only Polish property but also the dollars invested by Polish enterprises. Say, while building ships in accordance with our order, the Poles were forced to acquire engines, electrical equipment, etc., for them using hard currency and to sell the manufactured product for rubles. In short, the country sort of systematically paid in full for exports to the USSR....

[Shchukin] Those conversations are purely propagandistic. Payments in rubles were sooner disadvantageous for us than for our partners. First, we also purchased many things abroad in hard currency for goods exported to Poland. For example, picture tubes for televisions, parts for automobiles, and equipment for oil and gas pipelines. The refrigerator factory was entirely purchased in France. We can continue to list things for a long time. This is normal practice that is accepted throughout the entire world. Second, as a rule we sold raw materials (and they totaled 75 percent of the total volume of our deliveries to Poland) at prices that were below world prices. The Poles themselves state that they will lose several billion dollars with the transition to world oil prices.

[Ledvorovskiy] At that time, our trade was based on the artificial "convertible" ruble, moreover according to five different also imaginary rates, we continuously suspected each other that each one was making his partner indebted in some way and paying in full for his own exports and so forth. Now when the producer himself has become the subject of foreign economic relations in Poland, based on his own experience he is beginning to admit what advantages the Soviet market is opening to him both as a source of acquisitions and as an enormous sales area. When this new subject begins to act on its own fear and risk, all rumors regarding who is cheating whom will vanish by themselves. It is already unimportant if he will invest dollars in those goods which will later be sold to the East because now payments occur only in freely convertible currencies and only at world prices. Therefore, a single criterion is being formed: advantageous or disadvantageous to sell—to buy and nothing else! I am

convinced that after a short time many of our incredulous commander—business managers will figure out what reserve of possibilities the Soviet market harbors for them.

[Boretskiy] What are the prospects for our cooperation? What do we expect from one another? What can we offer to one another?

[Shchukin] Common sense suggests that it would be simply criminal to destroy the infrastructure of our economic relations that has been created over decades. Cooperation has been set up in dozens of sectors of industry, wide-bed railroad tracks have been laid between raw material bases and processing plants, and oil and gas pipelines have been built. It is understandable that it would be much more advantageous for us to sell this same oil or gas to our nearest neighbors and for them to purchase it from us than in any other country even if only because then neither we nor they will need tankers to do this. In my opinion, the various forms of cross-border trade are very promising. I tie great hopes to the open economic zone in Kaliningrad which has a long border with Poland. I do not doubt that ultimately we will find mutually acceptable principles of cooperation. I am generally convinced that we cannot get by without each other. And therefore I am an optimist.

[Ledvorovskiy] I anticipate that the development of our relations will move toward expansion of territorial contacts—with the republics and with individual producers. And the dependence of our cooperation on central departments—as intermediate echelons—will be inevitably decreased. But for now the republic's foreign economic jurisdiction has not been defined and we cannot sign bilateral agreements.

[Boretskiy] In other words, it is time to also introduce market relations in all foreign trade.

[Ledvorovskiy] Which does not nearly mean the self-elimination of the state from this sphere! The state is obliged to support and encourage trade primarily in sectors that are vitally necessary for the country's entire economic complex—to stand guard over national interests. This is the first thing. Second, the state must take the initiative to organize various types of missions, trade chambers, and other intermediary centers. Third, the state must and is obliged to form funds that stimulate foreign trade. For example, we established the Export Credit Insurance Corporation in order to provide our businessmen with definite guarantees (previously, this role was assigned to the state budget.) As for Polish-Soviet economic cooperation, I share my colleague's optimism and I see my own obligation in the post of minister in doing everything possible for the development of our relations on a constructive and mutually beneficial basis.

## **Hungarian Consul General on Relations with Ukraine**

91UF0662A Kiev KOMSOMOLSKOYE ZNAMYA  
in Russian 19 Mar 91 p 3

[Interview with Hungarian Consul General Andrash Paldi by V. Kulakova under the rubric "Timely Interview": "Ukraine-Hungary-Ukraine"]

[Text]

### **Hungarian Republic Consul General to Kiev Andrash Paldi answers KOMSOMOLSKOYE ZNAMYA's questions**

Andrash Paldi was born in 1927 in a village to a peasant family. After graduation from middle school, he studied economic sciences at a university in Budapest. After receiving his diploma, he taught in one of the university's departments and then worked on the Council of Ministers Secretariat staff. He was a Gosplan associate for more than 10 years and after that he became an advisor to the Hungarian Government Mission under CMEA [Council for Mutual Economic Assistance].

From 1978 to 1982, he was an advisor to the Hungarian Embassy in Moscow and was involved with economic cooperation issues of the two countries. After returning to the homeland, he headed the MID [Ministry of Foreign Affairs] economic policy main department until his designation as Consul General to Kiev in 1986.

In the 1970's, Andrash Paldi wrote a book about the USSR economic management system and he is a candidate of economic sciences. His wife also works in the MID and she is an historian and archivist. His son is a research biologist. His daughter is an economist.

Andrash Paldi is a grandfather with four grandchildren.

[Kulakova] How do you regard perestroika in the USSR?

[Paldi] The proclamation of perestroika 4-5 years ago was loudly heard both in the Soviet Union and abroad. With the rapid collapse of the "uskoreniye" slogan in 1985, perestroika offered hope to those who thought radical change not only of the Soviet economy but also of the ossified socio-political system was necessary.

In my opinion, the trouble was that no one knew exactly what it was a question of. During and after the Brezhnev era of stagnation, many people realized that the old way of building socialism was already no longer suitable, economic methods were ineffective, and the state was increasingly lagging behind Western countries while at the same time the political system was still insufficiently democratic to provide the possibility for development of man's own capabilities. The proclamation of perestroika and the principles of glasnost and democracy aroused hope. Alas, there was no concept or program behind the slogans and they rapidly became hollow and each person

understood them the way he wanted to. The ideas of perestroika soon began to lose their mobilizing force.

Is it not surprising that today people argue about whether the goals of perestroika have been implemented or if the period of perestroika has already ended?

In my opinion, the state's political and economic development has already long ago passed perestroika's initial goals which strived to make the economy more efficient within the framework of the old political system and through glasnost to just improve the political atmosphere. However, today building a pluralistic system (a multiparty system) and creation of conditions for a market economy are on the agenda. And this is already not perestroika but a much broader concept.

[Kulakova] What can you say about Ukraine? Has your perception of it coincided with what you have actually seen?

[Paldi] When I received my assignment to work in Kiev, I knew where I was going. While working at the embassy in Moscow, I visited Ukraine. Therefore, I did not encounter any surprises when I arrived in Kiev. However, there were a few surprises a bit later, both positive as well as negative.

I arrived at the end of 1986 after the Chernobyl disaster. And I was surprised to see that both we and the city's residents practically knew very little about what had occurred, about radiation protection techniques, etc. At that time I had to summon scientists from Budapest to calm the members of the Hungarian colony, first of all families with children.

Later when the Ukrainian Union of Writers began to sound the alarm with regard to the need to increase the role of the Ukrainian language, the development of Ukrainian culture, and the rebirth of Ukrainians' national consciousness, I perceived this as an entirely normal matter. What was surprising was the fact that letters and articles began to appear on the pages of newspapers one after the other which hung the label of nationalism on this movement and speeches were heard against the Ukrainian language. I met people among the Ukrainians I knew who thought that the campaign of national revival was superfluous and even harmful, and in so doing said: "Does it matter what nationality I am or what language I speak?" If I did not live in Ukraine and I myself had not heard these conversations, I would not have believed that they had occurred. Nations one hundred times smaller than Ukraine are fighting for their national identity. Does it turn out that the Ukrainian people are an exception?

A pleasant surprise has been the fact that in Ukraine I have always felt and feel a lively interest and good will toward Hungary. Events in Hungary, the peaceful course of changes in the social system, the choices of a multiparty foundation and the struggle for a new, democratic government in the sphere of forming the new system have been carefully followed here. My interlocutors have

often stressed: Soviet perestroika has very positively impacted Eastern European changes but at the same time we must not forget that the peaceful transition in Hungary, for its part, had a strong impact on changes in the Soviet Union.

It is very pleasant to also recall those days when Hungarian Republic President Arpad Goncz visited Kiev at the invitation of UkSSR Supreme Soviet Chairman Leonid Kravchuk. This visit, along with the customary joint statement, is evidence of the fact that Hungary is interested in the restoration of Ukraine's sovereignty and in comprehensive cooperation between the two neighboring countries.

[Kulakova] What can you say about Ukraine's and Hungary's prospects for cooperation, do these contacts have a future?

[Paldi] Direct cooperation between Ukraine and Hungary is only now beginning to develop. Until the present time, as we all know, practically all contacts could exist only through Moscow. Although in 1982 at Hungary's request, your central government authorized Ukrainian and Hungarian enterprises to establish direct ties but they did not receive either sufficient independence, rights, or money to do this. Today these restrictions have disappeared to a great degree but now the economic crisis, the shortage of goods, and initial difficulties of the transition to payments in dollars are impeding the growth of economic ties.

Our political contacts are developing very well. The Ukrainian Supreme Soviet adopted a Declaration on Sovereignty in July and already in August we met Ukrainian Minister of Foreign Affairs A. Zlenko in Budapest who arrived at the invitation of the Hungarian government. Hungary was the first country that a member of your government visited. The head of our state also was the first to arrive in Kiev on an official visit after adoption of the Declaration. Since that time, the two ministries of foreign affairs have closely cooperated with each other, the development of several documents is ongoing, and Minister of Foreign Affairs Geza Jeszenszky will arrive in Kiev in the near future at the invitation of the Ukrainian side. I think that after this I will be able to state that Ukrainian-Hungarian ties have a very promising future.

[Kulakova] Ukraine as a subject of international law. In your opinion, is it legitimate to pose the question in this way?

[Paldi] Let us look at the facts. Until now, the Government of the USSR has not recognized the Declaration on Sovereignty of Ukraine. Therefore, are we not surprised by the fact that for now the Western powers also do not consider the Ukrainian government to be the government of a sovereign state but Ukraine is a subject of international law. The situation is also contradictory since at the same time Ukraine is a member of the UN. However, we need to see that the unsettled state and

instability of relations within the Soviet Union itself are reflected in this international political distorting mirror.

I also think that Ukraine's aspiration to become a participant in international political life is natural. Everything depends on what the content of the Union Treaty being concluded will be.

[Kulakova] How settled is the Consul General's lifestyle and do you feel at home in Kiev?

[Paldi] The life of the Consul General and the Hungarian Trade Mission in Kiev is organized and our living conditions are good for the most part. But just for the most part because unfortunately concerns and difficulties multiply with every passing day. Here are just some of them: for two years now, the trade mission has not been able to obtain a building with suitable conditions for work; cars of representatives of firms are regularly broken into and we are attempting to broaden the Consulate General's contacts. After the previously mentioned visit of our president, the number of Consulate General diplomats was increased from three to four

people but we have simply not been able to obtain an apartment for our new associate.

Unfortunately working conditions are also not improving but worsening. Bureaucratic obstacles are always increasing. The cashier at the consulate had a mass of problems with coupons and with the exchange of 50 and 100 ruble notes which would not have occurred if the local authorities did not forget about the diplomatic status of foreign states' missions. Today we already cannot use automobiles when necessary (we often have to drive to other oblasts at great distances) since we cannot obtain gasoline ration coupons.

I do not want to organize a complaints day on the pages of the newspaper but you yourself asked me about this. And if I nevertheless feel good in Kiev then that is because those partners with whom we meet in the parliament and in ministries and other institutions during the course of our activities are always cheerful and sincerely ready to help. Therefore I think our cooperation is effective and useful for both peoples. Besides, I know that the enumerated difficulties have not arisen due to specific bureaucrats and therefore I hope that these problems will also be resolved with time.



**PRAVDA Journalists Report on China Visit,  
Sino-Soviet Cooperation***91UF0687A Moscow PRAVDA in Russian 25 Apr 91  
Second Edition p 5*

[Article by PRAVDA delegation to China B. Averchenko, B. Barakhta, T. Yesilbayev, O. Losoto, and V. Lyubitskiy under the rubric "The World and Politics": "From Chinese Notebooks. A Visit to Our Great Neighbor"]

[Text] Beijing-Moscow—For the first time in three decades a PRAVDA delegation visited China at the invitation of the newspaper RENMIN RIBAO. Our Chinese comrades devoted a great deal of attention to the delegation. The PRAVDA group was received by Li Ruihuan, member of the Permanent Committee of the Politburo of the Communist Party of China. Discussions with RENMIN RIBAO Editor in Chief Shao Huaze and other editorial staff workers took place in a friendly, businesslike setting. The opinion was unanimous: We must strengthen ties between the two editorial offices in all ways, exchange experience, and cover more extensively the life and creative activity of our peoples.

Our colleagues from RENMIN RIBAO offered the PRAVDA delegation a chance to visit a number of regions of the country and to meet with workers of the plants and villages and with party and economic workers.

And now we are leafing through our note pads so that we can share our impressions of our great neighboring country and its people, who are building a new society. •  
*From the note pad of B. Averchenko.*

Beijing is apparently beautiful at all times of the year. Last September, when I visited China for the first time, I was struck not only by its ancient architecture but also by the modern concrete-and-glass buildings, the broad, well-kept streets, and the abundance of greenery and flowers. The city is filled with many colors now as well. This appearance is created largely by the bright clothing of the cyclists and pedestrians who move through the streets and squares in endless lines from morning until late in the evening. They are high-spirited, cheerful, and friendly. And it still seemed that Beijing was moving upward very rapidly. Now our friends have installed us in a new 53-story hotel which opened quite recently. •  
*From the note pad of V. Lyubitskiy.*

I have already noted this several times: One's first impressions of a strange country are always depicted in comparative tones—"the way it is at home" or "not the way it is at home." Beijing, which we "caught" in the middle of a nonworking day, initially seemed to me perhaps too simple and serene. From the airport to the city there is a long, straight road that runs through an endless array of identical trees (even without their leaves they have a calming influence after a long flight). The city itself has geometrical, flat, wide streets. And at first glance there seems to be nothing special about the

architecture: the typical residential quarters of the usual height, and—closer to the center—modern hotels and office buildings.

But our first surprise was to come the next day. Awake at the crack of dawn, I went over to the window of my room on the 21st floor of the New World Hotel, and somewhere in the gray fog below I saw shadowy figures on bicycles. They moved in a dense mass, seeming to fill the entire street, they rode into the intersections, ignoring the lights, they crossed the road almost under the wheels of the buses and cars, which obediently stayed out of their way or turned in order to make way for a new batch of the indomitable riders. I was too far away to hear the street sounds, and in this silent movement there was something eternal, although it was also something ordinary: The people were going to work. • *From the note pad of O. Losoto*

Beijing wakes up early. But it goes to sleep very late. We decided to walk through the city at night. There were small night bazaars at the intersections. One could have a bite here out in the open: The charcoal was smoking and food was cooking. We went into a "cheap dive." I never had any idea that spicy noodles washed down with beer could taste so good.

*From the note pad of T. Yesilbayev*

The trading goes on until late at night, especially in private stores. There are goods here to suit any taste—both food and industrial goods. Of course, not everyone can afford them, as our interpreter explained to us. But a person who works hard and makes good money can buy expensive things.

We looked at the richly filled store windows and discussed what we saw. And suddenly there was a shout: "Russians, Soviets, countrymen! Come and have some shashlik. My name is Yusup and I am from the city of Urumqi. Our Xinjiang Uygur Autonomous Region (SUAR) cooperates actively with Kazakhstan. I am on vacation now and I decided to do some trading in the capital." Yusup gathered up an handful of skewers of smoking shashliks and handed them to us. He absolutely refused to take any money.

While talking with him I recalled how several years ago for the first time large trucks passed through populated points with the same name of Huo'erguasi which is located on both sides of the Soviet-Chinese border, laying the basis for trade between Kazakhstan and the SUAR. Since that the time highway, whose twists and turns follow the Great Silk Route which united China and Europe in ancient times, has become a busy artery. The railroad, whose construction was almost completed during the fifties when it was named A-ke-tou-Druzhba, has been restored. The first working trains traveled on it last fall. In a couple of months the capacities of this railroad will begin to increase. But even today border trade has become a daily affair in the lives of the neighboring regions. Mineral fertilizers, rolled metals,

and other goods go from Kazakhstan to China. And from Xinjiang we receive various kinds of equipment, sewn and knitted items...

**B. Averchenko**

Before we left the airport our hosts, journalists from RENMIN RIBAO, told us that the next day the delegation would be welcomed by a member of the Permanent Commission of the Politburo of the CPC Central Committee, Li Ruihuan, who is in charge of party ideological work. With this our Chinese comrades emphasized that they attach a great deal of significance to cooperation between the two leading press organs of the CPC and the CPSU, regarding this as an expression of the growing trust between our parties.

In spite of its official nature, the discussion was candid and easy-going. The Chinese leader discussed the results of the Seventh Plenum of the CPC Central Committee and the successes achieved by the PRC in implementing political reforms and opening up to the outside as well as the new tasks and prospects for progress. Our perestroika was also discussed. Our Chinese comrades are attentively following the events in the Soviet country. "How do they feel about the changes that are taking place? Are they interested, are they uneasy, do they wish us well?..."—these are questions we asked.

Li Ruihuan said that they feel like good neighbors. They want things to go well for both countries. For both communists and the people. China sincerely hopes that the Soviet Union will overcome its present difficulties and that Sino-Soviet relations will develop fruitfully.

And another thing. It is important, very important—the Chinese said—to strengthen the solidarity and unity of the people and to develop in each individual a sense of pride in his homeland and a desire to multiply its riches.

**V. Lyubitskiy**

A remarkable feature of China is its respect for its history and the creations of past generations. One time in the evening, wandering among the silent and eternal stones of the Palace Museum of the Forbidden City, where at each step one is struck by the art of the ancient builders, coppersmiths, potters, carpenters, and sculptors—in a word, innumerable masters—I suddenly had a new sense of why the word "harmony" is always included in the names of the palaces around here. The people did not simply work; with their labor they created harmony as the highest value on earth. And the work itself remained a permanent value left to posterity.

**O. Losoto**

One is struck by the size of Tiananmen Square. This will remain in my memory for the rest of my life. Like those small city streets with their endless numbers of little stores, cafes, and bicycle stands. But still my main impression was of the dynamism that pervades the life of the city, the movement. There are many new construction projects...

**V. Lyubitskiy**

One can rightly say that the Chinese have the love of work in their blood and it is passed on in their genes from generation to generation. Perhaps this is why they are so careful with everything created by their ancestors.

"Anyone who has not been to the Great Wall of China has not been to China," our friends repeated when inviting us on this excursion.

Before this we had read in pamphlets and books: "The wall of 10,000 li," "One of the seven wonders of the world," "One of the most gigantic man-made structures on earth"... And there I was standing on it among the throngs of tourists, with many voices speaking in many languages, like all the crowds at all the wonders of the world, and I shivered from the mountain wind tearing through the holes and looked at the highest of the nearby towers—the Enemy. The inhospitable surrounding mountains remind one that they themselves can serve as a considerable obstacle on the path to foreign invaders. But it turns out that the Great Wall is not simply a fortification. At that time, in the seventh century B.C., each individual principality strove to separate itself from its neighbors. The years passed, the walls grew up and were restored and reinforced until finally 600 years ago they were joined into one Great Wall, becoming a symbol of the unity of the state. The unity of the people—this is what became the real foundation of its subsequent history and what promotes its prosperity today.

How important and necessary it is for us to remember that!

**O. Losoto**

The wall has been restored and adapted to the tourists' demands and needs. The area at its base is filled with little stores, cafes, and stands filled with all kinds of photographs... There are many children. I even saw a person on crutches. We clambered onto the wall. A broad rock strip, it would rise and descend according to the topography and then it crawled up to the top of the mountain. One could get a good view of a large group of youth moving toward it with a red banner flying in the wind. There was something symbolic in this. In any case, that is the way it seemed to me. The country is rushing forward. China is being reformed and it is eagerly taking advantage of the achievements of modern civilization. But the experience of its ancestors and the evidence of the past, its rich history—these are also capital which is being utilized actively today.

People walk and walk along the Great Wall. In its bricks and stones, fastened together for eternity by mortar, are concentrated the immense energy of millions of builders, their spirit, their aspirations, their philosophy of life. People come here not only to marvel at the miracle and the persistence of their ancestors, but also to spend time in this unique energy field, to take some of it away with them.

**T. Yesilbayev**

Perhaps the most gratifying impression from the trip to this great Asian country was the good attitude toward our homeland and the Soviet people. The 30-year disagreement has not put down deep roots. The Chinese remember the good and have retained their sympathy for us. Wherever we went, they showed a keen interest in our perestroika, sincerely wished us success, and spoke about the traditional friendship between our peoples which must be preserved.

"I remember well the Soviet specialists who helped to build our plant," I was told by a production veteran, a rolling mill repairman from the Beijing "Capital City" metallurgical plant, Fan Tida. "All Chinese workers have good feelings for your country. We want our cooperation to develop."

**V. Lyubitskiy** They built together, studied together, and gained experience. People at the plant still remember how the future metallurgists went through training in our country at Magnitka—and here this science is still called the "Magnitogorsk constitution."

Today "Capital City" is an entire corporation with its mining, iron, steel smelting, rolling, and machine building production. While remembering the past, they are looking to the future here. Twelve years ago the "Capital City" corporation entered into contractual relations with the state—simply speaking, it changed over to a contract. Since that time, without "shattering" the socialist foundations of production, relying on the awakened initiative of the workers and engineers, "Capital City" has managed to achieve a great deal. It is now a transregional and transnational company which has branches in nine provinces of China and also business offices in 12 countries of the world, including the United States, Belgium, and Australia. Nine-tenths of the output here is produced in accordance with international standards. The average annual growth of labor productivity is 13.2 percent, which is higher than at similar productions in many developed countries. And the revenues received by "Capital City" have enabled it even to acquire 70 percent of the shares in a company in the United States.

But the metallurgists' restored feeling of ownership is manifested in more than just their attitude toward their work. They also dispose of its results rationally and thriftily: They are in no hurry to "eat up" what they have earned, they reinforce the financial base of the state as the guarantee of their further prosperity, and they do not forget to encourage in people a desire to work better and better.

"Capital City" gives the state two-thirds of its profit. The remainder is distributed as follows: 60 percent—for the development of production, 20 percent—for social needs, and 20 percent—for material incentives. Last year the sum of the bonuses exceeded 1 billion yuans. And we saw as an embodiment of social expenditures the

Laoshan ("Ancient Mountain") kindergarten—one of the 75 children's institutions that belong to the company.

It is hardly necessary to describe it: Like everywhere else on earth, here the very best is given to the children. "Children are flowers," we heard the familiar comparison. But now they are especially valued in China: For each family may have only one child."

Incidentally, we were told something else: It is difficult to be a parent in China now primarily from the material standpoint. And this is also true. This is probably why workers of "Capital City" have allocated a considerable share of their collective funds for the education of the younger generation. For the reform itself, their collective offspring, is also developing through their joint efforts. Therefore people believe that nobody can stop them from making their future what they want it to be.

*From the note pad of B. Barakhtha*

One cannot but recall that even at the end of the seventies China was one of the backward countries of the world. The path to a better life was not an easy one for it. The fratricidal civil war, the "Big Leap," the rout of the Red Guards, and the 10-year chaos of the "Cultural Revolution," the mass coercion of the peasants to enter people's communes, and many other arbitrary steps threw the country back from the beacons of socialism and caused poverty and shortages. But the Communist Party managed to overcome the crisis. The Chinese people were presented with a main idea, a unified task—to consolidate and rally the society and to direct all its forces toward "modernization" and the country's revival.

A concrete goal was set: by the end of the century, to increase the gross national output four-fold as compared to 1980. It was envisioned that this program would be carried out in two stages—and in two decades. As we know, the goal of the first stage—to double the gross national output by 1990—was reached ahead of schedule.

**B. Averchenko**

I have on my note pad this entry from our conversation in RENMIN RIBAO: "When beginning 'modernization' the party, we communists, first of all re-evaluated the path we had traveled, got rid of what we no longer needed but did not throw away the positive, and, relying in it, we proceeded further. And we told our people directly: Our socialist option is unshakable. And the reforms are directed toward strengthening and developing socialism taking into account the specific nature of the Chinese situation."

**O. Losoto**

We left our meeting in the editorial offices of RENMIN RIBAO with the warmest feelings of comradeship and mutual understanding.



The major Chinese communist newspaper is a modern newspaper which is well equipped with the latest technology. Let me say point blank that there was much that we PRAVDA employees could only envy. During our tour of the newspaper's printing plant we met the deputy director of printing Liu Binchezhen [name as transliterated]. In 1956 when he was 22 years old he was in Moscow and trained at the PRAVDA printing plant.

"I remember that time very well," Liu recalls enthusiastically. "Especially the atmosphere of sincerity and friendliness that surrounded us. The Soviet people wished us success with all their hearts. We know that the Soviet Union made a large contribution to the construction of the new China. The good is not forgotten. We are glad that our countries are together again."

We also visited one of the editorial divisions—international. It turned out that our Chinese colleagues in general are fairly familiar with the problems that Soviet society has encountered. There were many questions about perestroika, the economic reform, and the transition to the market. But here is what our Chinese comrades asked us most of all: Were we not rejecting the socialist option.

"We understand your problems," they said. "Hang on! We believe you will overcome your difficulties. The Soviet people have everything it takes for this: wisdom and reason, the ability to work and win!"

We have shared our impressions of our first meetings in the capital of our great neighbor. Still to come are our discussions of the economic reform, the life and labor of plant workers, peasant concerns, and Soviet-Chinese cooperation.

#### **'Great Prospects' for Soviet-Japanese Relations Expected**

91UF06744 Moscow TRUD in Russian 23 Apr 91 p 3

[Article by TRUD international observer Erik Alekseyev: "USSR-Japan: After the Eighth Round"]

[Text] Even before USSR President M.S. Gorbachev's visit to Japan began it was called "historic." Now that the visit is over, I would add the word "dramatic" to its definition.

In my opinion, there should be no particular doubts about the first term because this was the first visit in history by the head of our state to our neighbor Japan, and if only because of this it will go down, as they say, in the annals of history. But it was extraordinarily dramatic.

In fact there were eight meetings instead of the planned three, and the last one did not begin until 10 o'clock at night. It is not difficult to figure out that the fate of the negotiations in general was up in the air until the very last moment. And then—Oh!—they reached a consensus; they found a mutually acceptable formula for

what we frankly admit to be the most complicated territorial problem. This was a victory without losers!

But what actually was the victory? Here we will inevitably have to turn back again.

The dramatic nature of the negotiations was programmed, one might say, from the very beginning. Both leaders understood that they would have to meet one another half way. But the positions assigned to them were so diametrically opposed that they were doomed to move along one track, leading to an inevitable conflict.

We frequently underestimate the influence public opinion can have on the positions of political and state figures. And in this case it was immense.

Essentially throughout the postwar period the Japanese have been persistently instilling in their people the idea that the four southern Kuril islands were "northern Japanese territories," and without their unconditional return to Japan there could be no peace treaty with the USSR and no radical breakthrough in Soviet-Japanese relations. This turned into the "firm opinion of the Japanese people" which, in turn, fatally tied the hands of the country's politicians and state figures. Remember the trip to Moscow not so long ago by the former general secretary of the ruling Liberal Democratic Party, I. Ozawa. All it took were rumors to the effect that Ozawa had certain variants of the resolution of the "territorial question" for official, unofficial, and other denials to follow immediately in Tokyo.

And the Soviet position? Officially, it was extremely simple: There was no "territorial problem" and there was nothing to resolve. But in our country people tried to start the rumor that the present leadership was prepared to search for certain variants, was even ready to sell the four islands for a good price, and they had even named the price. This, too, stirred up a great commotion: Do not sell them, do not give them away, do not concede them!

So it seemed that there was nothing for the leaders of the two countries to talk about in such a situation. It was a puzzle, as they say, but one of great political significance, which would essentially determine the future of our relations. In sum, we were at an impasse with nowhere to turn.

It was from impasses like these that the extremely difficult negotiations between the two leaders began. Judging from everything, it was only during the course of the eighth, most intense round that the following, which appears in the joint Soviet-Japanese statement, was generated:

"Japanese Prime Minister Toshiki Kaifu and USSR President M.S. Gorbachev have conducted detailed and in-depth negotiations regarding the entire complex of issues pertaining to the development and conclusion of a peace treaty between Japan and the USSR, including the problem of territorial division, taking into account the



parties' positions regarding the islands of Habomai, Shikotan, Kunashir, and Iturup."

Probably this time, too, as soon as they read the text, someone will say: "Well, what do you know? Once again they have decided nothing and gotten nowhere."

No, that is not true at all. Fundamentally important conclusions follow from the passage cited above. The Soviet side finally recognizes the existence of a "problem of territorial division" and, consequently, the need to solve it. And the Japanese side is essentially abandoning the principle of the "inseparability" of politics and economics and has ceased to block the prospects for the development of Soviet-Japanese relations.

Yes, the problem of "territorial division" is still left to be solved. But a real path on which they can move to meet one another is now opening up, and not in the same track—butting heads—but on the basis of real accounting for the mutual interests and feelings of the peoples. And on this basis, looking forward and not backward, it is already possible to search for certain variants—I do not know—maybe like "dual sovereignty" of the islands or full neutralization or something else. But under any circumstances, it is necessary to develop joint economic activity there. In any case, I am convinced that in this search there must be complete openness so that the public can evaluate the options under consideration.

But now it is extremely important that the formula found for this most nagging problem has made it possible to sign a series of 15 documents, which mark an essential leap forward in the development of Soviet-Japanese relations.

Here I would perhaps single out the agreement between the two governments "on cooperation in rendering technical assistance to the reform for transition to a market economy in the Union of Soviet Socialist Republics." After all, you will agree that the most important thing for our country now is precisely to arrange for our completely bedraggled economy to operate on the new basis. And the Japanese, considering their immense and extremely fruitful experience in postwar restructuring of their country's entire economy, could help us very effectively.

As they say, an in-depth analysis of the visit of the USSR president to Japan still lies in the future. But when a breakthrough was made with this problem, which is the oldest and in many respects the most painful for both countries, I am sure that truly great prospects opened up for Soviet-Japanese relations.

### Results of Soviet Public Opinion Poll on Japan Reported

91UF0674B Moscow NEDEL'YA in Russian No 16, 15-21 Apr 91 p 2

[Article by Liliya Kazakova, leader of the Center for International Sociological and Marketing Research: "The 'Japanese Phenomenon': Public Opinion in the USSR About Japan"]

[Text] "In your opinion, in what areas has the 'Japanese phenomenon' been manifested?"—this question was asked of 3,000 respondents in an all-Union poll taken in March by the Center for International Sociological and Marketing Research. The majority of those questioned (44.02 percent) mentioned, above all, the area of technology. And, indeed, Japanese achievements here have been unquestionable and impressive.

The "area of economics" was named by 23.98 percent of those polled. About 14 percent (13.77) noted the phenomenon of the Country of the Rising Sun in the political area and Japan's role in the world community. Only 9 percent noted the "phenomenon" of Japan in the military area, and 1.47 percent in the area of ecological control. Those who could not name a single area where the Japanese phenomenon was manifested made up 7.76 percent.

Recognizing Japan as one of the leading world powers, the Soviet people are right to expect help and cooperation with the Soviet Union, especially Russia, which is in a difficult economic situation. To the question: "What kind of aid and cooperation do you expect from Japan with respect to the USSR?"—the respondents answered as follows. The most attractive for the majority of Soviet citizens (32.43 percent) is a form of technological cooperation expressed, in their opinion, in deliveries of technological equipment, deliveries of technical equipment for agriculture and industry, and provision of household equipment for broad application. Second place went to the answer (22.85 percent) that suggested various forms of capital investments in industry and agriculture, including the creation of joint enterprises, joint stock companies, concerns, and firms.

A considerable number of the pragmatic respondents (20.51 percent) think that the main thing is food and medical aid for the Soviet people. There were 14.36 percent who thought that one of the leading forms of aid from Japan to the USSR should be the training of skilled and competent personnel for the Soviet economy, especially in the area of enterprise management. Financial aid was favored by 6.88 percent of those questioned and 2.97 percent (an especially large percentage were teachers) advise rendering methodological aid in rearing children and organizing the leisure of youth.

To the question: "Do you like the Japanese?"—73.06 percent answered in the affirmative, 13.03 percent in the negative, and 13.91 percent found it difficult to answer.

Answering the question: "What qualities do you especially like in the Japanese?"—50.94 percent said their love of work; 18.63 percent—their ability to organize their work; 17.77 percent—persistence in achieving their goal; 7.94 percent—their punctuality; and 4.71 percent—their efficiency and precision.

### **Kurils Official Discusses Economic Problems, Fate of Islands**

91UF0660A Moscow SOVETSKAYA ROSSIYA  
in Russian 16 Apr 91 First Edition p 4

[Report on interview with M. Tereshko, chairman of the Yuzhno-Kurilskiy Rayon Soviet of People's Deputies, by SOVETSKAYA ROSSIYA special correspondent Nikolay Belan in Yuzhno-Kurilsk; date not given: "Threshold of the Motherland"]

[Text] Yuzhno-Kurilsk was shrouded in fog for a week. I would not say that it was equally thick and low all the time, but the aircraft did not fly. Apart from the aircraft, there is no way to make it to Sakhalin before navigation begins. Crowds of people gathered at the small and primitive Mendeleyevo airport. However, our assaulting the management with still the same question was in vain. We strained our ears in vain when we seemed to hear the rumble we wanted so badly to hear.

During the long hours of this endless wait, and previously, when I traveled along the messed-up roads of the islands of Kunashir and Shikotan and saw the pitiful houses of local inhabitants, covered with roofing paper and sinking into the ground, and the empty store shelves, I frequently recalled the words of M. Tereshko, chairman of the Yuzhno-Kurilskiy Soviet of People's Deputies. Mikhail Ivanovich said: "Our rayon has only 14,000 civilian inhabitants. Is the country really unable to find funds to create normal conditions for their work and life?"

I met Mikhail Ivanovich on the first day of my assignment to the Kurils. While somewhat tired of journalists descending on him (he calculated that the interview given to me was 139th), but at the same time attentive and energetic, he also turned out to be an interesting person to talk to. He was born in the Donbass. He came to Sakhalin after graduating from a maritime navigation school; this was just over 20 years ago. He was a fisherman and "criss-crossed the entire globe." Later, almost six years ago, they proposed that he move to Kunashir and engage in party work. He was a secretary, and subsequently the first secretary of the party raykom [rayon committee]. A year ago, he was elected rayon soviet chairman. This is his unsophisticated biography; therefore, hardly any worker in Yuzhno-Kurilskiy Rayon can bring himself to call Tereshko a former bureaucrat or partocrat. The guy came from a working-class background, and he knows what the misfortunes and luck of the fishermen are all about.

Mikhail Ivanovich started the conversation by rebuking our journalist colleagues.

He said: "Once again, today they are filming slums in the lower section of the settlement. Also, they recently showed this on TV: It is frightful to look at our wretched condition. No, there is no argument: These huts are for real. The walls of old houses are rotten, you can put your arm through them. However, it is also true that in the last five-year plan we built a great deal, more than ever before. We commissioned between 6,000 and 8,000 square meters of housing per year. Perhaps some people do not find these numbers impressive, but we do. In the process we gave up wooden houses and switched to stone houses with all the amenities, which are earthquake-resistant. Look at the blocks that have been erected in the upper section of Yuzhno-Kurilsk, and on Shikotan as well. We built a school last year, and a beautiful hospital complex. There is also a shop and a post office... It is no accident that people have begun to settle here for good."

I asked: "But you do have problems at the same time?"

My interlocutor agreed: "There is no dearth of problems. However, life has many facets; there are things positive and things negative. If you want to be objective you should show this entire variety... I have already mentioned the rate of construction in the past five-year plan. The construction administration used about 5.5 million rubles [R] every year, to say nothing of departmental construction projects. However, this year it is only R2 million. They cut capital investment here."

I was specific: "What is it, the 1956 syndrome?", meaning events following the signing of the joint Soviet-Japanese declarations by virtue of which we intended to hand over to Japan the Lesser Kuril Chain after the signing of a peace treaty, when settlements began to be evacuated from Shikotan and the Habomai island group. At present, the local populace also looks to the future with anxiety, given circulating rumors about the transfer of the islands. For example, I talked to people on Shikotan who have already begun to prepare boxes. Could this be the reason why capital investment was reduced?

The opinion of the soviet chairman was: "I do not think so. Most likely, this was due to the general economic condition of our country. Say, in the middle of last year a comprehensive program for the development of the Kuril Islands was adopted, but at the Union level. At present, we cannot figure out who will be responsible for it and who will implement it. In Union ministries they tell us: Let the republic handle it; the republic says: We do not have anything. As a result, the remodeling of the airport is the only thing we have received funds for. Also, a "monument" stands here, the Palace of Culture. The old one burned down in 1978. We spent 10 years pushing the funds through. Finally, the funds were allocated. Construction was supposed to be completed at the end of this year. However, last year they did not give us the funds, saying that the soviet should find them itself. The

tion, and at this we stopped. Therefore, complete confusion has now set in as far as the deliveries of materials and funds are concerned."

[Belan] Perhaps the people who call for returning the islands if, it is supposed, we are not capable of developing them ourselves are right?

[Tereshko] These people are not right. In this case, the non-Chernozem zone should be given away, and Sakhalin, and many other regions. We should learn to manage our land rather than squander it.

The fact that this is our native land is another argument. Even in Japan the sentiments of common people differ from the policy that certain Japanese circles are pursuing. Recently, Japanese journalists brought us a film: The Japanese who lived here said that they do not want our people to experience the same thing that they lived through when they were removed. There is one thing they want: to have an opportunity to come here to the tombs of their relatives. Other neighbors of ours are in favor of developing this zone jointly. Many of our islanders are also in favor of it.

Now let us look at another, purely economic aspect. One-tenth of the total fish output of the country is obtained here, in the South Kuril Economic Region. Why? Rich biomass is formed due to shallow depths, and the fish come here from the ocean to feed. There are many marine products here which cost considerably more than fish. The Japanese use virtually all marine products, whereas we do not produce some of them, and do not even know how to eat them. This is what we should learn from them. For example, there is an area where they harvest kelp. They work neatly, and lift it using divers in some places and hand-held fishing devices in others. How else, they say: after all, you will not give us another area... Meanwhile, our comrades from the ministries maintain that there are no prospects for the industrial development of these areas. Indeed, there no prospects if you act in a barbaric manner. For example, about 15 years ago they forbade the harvesting of scallops. They pulled a dragnet along the bottom, and after you pull it once or twice there is nothing left. Where is our science, modern technology, and reclamation opportunities?

As a result, the country loses millions and billions of rubles. There is more than just foodstuffs at issue. For example, there are edible sea urchins. The Japanese pay many times more for the urchins than they do for salmon caviar because the medicinal properties of sea-urchin roe are invaluable. It is a good influence on hormones, and it also helps to cure those who have been affected by radiation...

[Belan] Is there a way out?

[Tereshko] A master is needed. We believe that we should be the ones to develop the territorial waters. We made a decision at our session requesting that it be

this would be quite sufficient to develop the rayon; in this case, we would take nothing at all from the country. We could breed scallops, mussels, crabs, and shrimp here, for example, upgrade natural spawning areas, and breed marine life artificially. However, a law on local self-government is necessary to this end.

The economic aspect is the most significant in deciding the fate of the islands. To be sure, there are strategic interests as well, but the military will be a better judge. The security of our country should not by any means become a bargaining chip. If we lose the islands we will lose the straits, and our Navy will be bottled up in the Sea of Okhotsk.

Also, there is talk of demilitarizing the islands. However, we do not have strategic installations here. There is another thing which I tell the Japanese in response: One and a half years ago you deployed the Fifth Self-Defense Division on Hokkaido on your side, whereas we have not placed anything additional here for many years. I am in favor of demilitarization, but on a reciprocal basis: To withdraw the troops from here and from the island of Hokkaido. This would be honest and on an equal footing.

[Belan] You talk about a free economic zone. Will this be advantageous for the Japanese?

[Tereshko] Perhaps not too advantageous, on the one hand. On the other hand, however, such zones exist throughout the world; they are beneficial. Money would not be invested in them otherwise. Besides, we cannot look to the Japanese only. Businessmen from other countries have also visited here—Canadians, Norwegians, and Americans. To be sure, they are apprehensive about investing their capital at present, before the fate of the islands is decided. However, I believe that the situation will change during M. Gorbachev's visit to Japan, and then those who are being cautious now will be in a hurry. After all, caution is fine, but as they say, they might be in danger of missing the boat.

[Belan] Is this to say that you believe that the economic situation in your region will change in the immediate future?

[Tereshko] Certainly. The time will come when you will not recognize these islands. After all, so far we have been talking about fish and marine products, and they are merely a segment of our wealth. There are four fundamental directions in the concept of development of the economy of our rayon adopted in October of last year. They are fishing, fish processing, and fish breeding; creating a tourist industry; balneology; and, finally, mineral mining.

To be sure, tourism and balneology call for tremendous funds, but these outlays are nothing compared to the profits we will receive! One sanatorium will cost R40 million. Several of them may be built: The medicinal properties of our springs are so great that even now there



is no end of people desiring treatment. You know, they bring people here on stretchers, and they go home on their own feet. We have already found sites for a chain of tourist hotels. We have unique locations and a fabulous climate. In the south, we have magnolia groves, wild grapes, and magnolia vines, whereas in the north of the island the taiga rustles, bears roam, and sables leap about. There are many plants and animals entered in the Red Book. This is Kunashir. Shikotan is no less attractive. Iturup is something else! It is no accident that it was suggested building cities of the future on the islands under UN auspices. Should we really give this gem away, or fail to develop it for the benefit of the Motherland? This is to say nothing about minerals, most of which have not been surveyed yet. However, we know for sure that there is gold here; the Japanese mined it.[end Tereshko]

We had a long conversation with the Kuril "governor." Mikhail Ivanovich outlined the future of the islands. He has a very clear vision of it; everything has already been calculated and thought through. How much money will be necessary in order to carry out the programs planned, using state-of-the art accomplishments of science, urban architecture, and technology rather than at a primitive level? About R1 billion. Indeed, it is a lot, though at the same time it is very little: It all depends on what your reference point is. Mesmerized by these projects, at a certain point I sort of came down to our imperfect earth. Perhaps our car getting stuck in the mud was the reason.

I asked: "Do you not look like just another dreamer? Or else, do you recall the New Vasyuki of Ilf and Petrov?"

There was willpower and firmness in the voice of the soviet chairman: "No, we have both the prerequisites and the desire to accomplish this."

...After a long wait for flying weather, the fog finally lifted. Three Aeroflot planes and a military aircraft flew in. A real battle for the right to fly out broke out. I was in luck—border guards helped me. We were packed in the cabin like sardines, people were sitting even on the floor. The conversation with Tereshko, a Kuril dreamer of sorts, involuntarily crossed my mind. Indeed, for a long time some people in our country did not know about the Kurils at all. To be sure, they heard about the Kurils, but they had a hazy notion of what the islands were. Now we talk about the islands publicly, and the fact that they sort of wanted to give them away has been at work. This is why the people have become alarmed: Why, after all we do not have land to spare? They have suddenly discovered the great value of the Kurils for the country. Let us hope that the following does not happen: The issue is resolved, the islands remain ours, and we forget about them again until yet another campaign, as happens in our country...

## **Soviet Priorities, Objectives in Asia-Pacific Region Outlined**

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[Article by Sergey Viktorovich Solodovnik, candidate of historical sciences and senior scientific associate at the International Research Center of the Moscow State Institute of International Relations, USSR Ministry of Internal Affairs: "Will We Find a Place in the Asia-Pacific Region?"]

[Text] The recent dynamic development of events in Europe caused the public to lose interest in other areas of international relations and strengthened the inherent Eurocentric attitudes of many people in our country and abroad. As far as the Soviet Union is concerned, this might have been all right if the projected changes in our strategy in other parts of the world along with the adoption of the new political thinking could have been considered complete. These changes, however, did not take place, particularly in the Asia-Pacific Region (APR), and this is why the place and role of our state in the complex intermingling of the interests and destinies of the states of this region, which is of cardinal importance in many respects, are still indefinite.

The idea of collective security in Asia was a forerunner of the Soviet initiatives M.S. Gorbachev announced in Vladivostok around 5 years ago. This issue was reflected quite clearly in Soviet official documents throughout the 1970s and early 1980s and in the speeches and statements of our country's leader at that time, L.I. Brezhnev.

A careful analysis suggests that the idea of collective security in Asia had several destabilizing aspects.

First of all, the Soviet Union was clearly relying on India to implement this idea, and the acute Soviet-Chinese confrontation and Indian-Chinese armed border conflicts of that time suggested that this was an attempt at the strategic encirclement of China, an implication reinforced by the special role Vietnam was assigned in the concerted efforts to establish an Asian system of collective security.

Second, the class component of this strategy was too pronounced, and this caused us to ignore not only our traditional "enemies," such as South Korea and Taiwan, but also whole regional groups, namely the increasingly strong ASEAN and the emerging South Pacific Forum (SPF), as countries which had chosen the market pattern of national economic development.

Third, the exceptionally strong anti-American and somewhat anti-Japanese tone of our appeals at that time intensified the confrontational nature of the entire idea and was radically inconsistent with the realities of the post-Vietnam syndrome in the United States.



These observations might seem self-evident and probably sound quite trivial, but they are an essential basis for a comparison of the ideas of Vladivostok and the Brezhnev years.

There is another aspect, however, which reveals how faulty and inappropriate the Soviet Union's Asian strategy of that time, concentrated in the idea of collective security, was: the excessive attachment of this strategy to the global situation in general and to the all-Europe process in particular and its direct dependence on our efforts to extend the "world revolutionary process" to the "Third World."

*The accuracy of these conclusions can be judged from the subject index of the authoritative and official edition of L.I. Brezhnev's works known as the nine-volume "Taking the Leninist Road," namely the fourth through ninth volumes, covering the last 10 years of the general secretary's life. The simplest analysis of the average monthly frequency of references to collective security produces interesting results. The rate of these references was 0.59, for example, in 1972-1974. This was the period of preparations for the Conference on Security and Cooperation in Europe (CSCE), when the Western partners were demanding the spread of detente to other regions and insisting on its indivisibility. This was a period of continued American influence in Indochina in the form of pro-American regimes in Saigon, Phnom Penh, and Vientiane, which had a chance to defeat their political rivals, who were given all-round support by our country.*

*The rate of references drops to 0.21 in the subsequent 1974-1976 period, and this is also quite understandable from the standpoint of our present concerns. The CSCE Final Act was signed on 1 August 1975, and the inviolability of borders in Europe was recognized along with the USSR's special interests in the Warsaw Pact zone. The Americans finally left Indochina, and this was accompanied by a geopolitical shift in favor of leftwing radical attitudes and departures from liberal-market ideologies and regimes (in Ethiopia, Angola, Mozambique, South Vietnam, Cambodia, and Laos).*

*There are no references whatsoever to collective security in Asia in volumes 6 and 7, covering the period from 1976 through March 1979. It was then that radical changes were taking place in Asia in connection with the expansion of the Soviet Union's sphere of influence and the "world revolutionary process"—in Afghanistan and Cambodia. In line with our interests of that time, there was almost no incentive to maintain the status quo or to promote the idea of security structures, however ephemeral and vague these ideas may have been.*

*In April 1979, however, Brezhnev suddenly "remembered" the idea of collective security in Asia. The rate of references to it leaped immediately from zero to 0.42 (until 1981), and then it revealed a tendency toward a further rise, reaching 0.47, in the last period of the general secretary's life and leadership. It was then that we found ourselves in a position of international semi-isolation in*

*the world, including the Asia-Pacific Region: The great advances in Afghanistan had been completed, and Vietnam, under our protection, had solved the "Cambodian problem" for itself while creating it for the rest of the world. These actions were supported only by India (among the Asian states that were not dependent on us), and even it had some reservations. Our interest in maintaining the status quo—i.e., in consolidating the "acquisitions" that seemed so necessary at that time—was extremely strong. Nevertheless, even in line with imperial interests, we could not "assimilate" the new acquisitions economically because our direct and indirect losses were far in excess of the negligible income we earned from trade with Afghanistan and Indochina, especially in view of the preferential (not, it goes without saying, in our favor) prices and terms of this trade.*

It was not in 1979, however, but during the period preceding this that favorable conditions for the advancement of the idea of collective security in Asia were taking shape. After the Americans left Indochina, for example, it was possible to create a buffer zone between the previously abutting armed forces of the superpowers. The Vietnamese leadership was willing to forge a closer relationship with ASEAN, and the new leaders in China were pragmatists who temporarily abandoned the dream of "world revolution" (although they did retain some ambitions with regard to the south). We have to admit that it was the strategy of filling the "power vacuum," which was pursued, either consciously or unconsciously, by the Soviet leadership of that time in the Asia-Pacific Region, as well as our encouragement of the Vietnamese to take similar action, that destroyed these possibilities. The second half of the 1970s can justifiably be called a period of lost opportunities for a stable peace in the Asia-Pacific Region.

The following period, the first half of the 1980s, is difficult to define in reference to Soviet ideas about security in Asia. We can only point to persistent efforts to escalate global confrontation by supporting the states on "our side" and trying to weaken the "hostile" states taking the market path of development. Experience, however, revealed the illusory nature of our hopes and expectations that internal crises in Pakistan or Thailand would simplify the efforts to "resolve" the Afghan and Cambodian conflicts.

Therefore, by the time the initiatives were announced in Vladivostok in July 1986, Soviet diplomacy was carrying the following baggage:

We had no comprehensive and coordinated strategy in the APR;

We had "missed" the emergence of the most dynamically developing center of the world economy, and the value of the advantages we lost because of our absence of ties with this center would be difficult to estimate even in the most approximate terms;

The countries closest to us were examples of the negative impact of socialism, and our support of these countries

was becoming more and more burdensome to the Soviet people each year as it became less effective and as the final result became less predictable:

We were responsible for the creation and maintenance of our geopolitical isolation in the APR because we had tried to compensate for the utter failure of our foreign policy with a ruinous buildup of military strength.

In Vladivostok M.S. Gorbachev showed the world that our strategy was changing: He separated the Asia-Pacific Region from globalist concerns and declared our willingness to pursue a special strategy in this region. The actual proposals, however, included the already traditional set of wishes regarding such objectives as the reduction of the arms race with the United States, the settlement of regional conflicts on the terms of regimes allied with us, and other such demands, which could not arouse any strong enthusiasm in the countries to which the proposals were addressed. Later events provided vivid proof that the "spirit of Vladivostok" was alive, but its letter was dead.

The Vladivostok ideas put the emphasis on multilateral approaches. Even if the idea of the "Asian Helsinki" was doomed from the start, if only because of the wording of the initiative, we stubbornly and consistently resisted multilateral actions and did not propose them ourselves. We persisted in supporting Hanoi in its attempts to first prevent the "regionalization" of the settlement of the Cambodia and then to keep the dialogue from reaching the level of the permanent members of the UN Security Council. The positive changes in the Soviet Union's relations with ASEAN and SPF countries were on the bilateral level, although it is possible that the attendance of one of the collective meetings of these groups by at least a deputy foreign minister would have produced more results than the shuttle flights to their capitals by the USSR minister of foreign affairs and the head of the Soviet Government. Besides this, there was also a reciprocal process in the APR: The Rarotonga Treaty and the ASEAN's plans to create a nuclear-free zone were instrumental in creating a favorable atmosphere for the consideration of our initiatives in the traditional sphere of disarmament.

Our bipolar view of the world was revealed to the maximum through the group of our disarmament concerns and the approaches to them. On the old assumption that the forces and weapons of the U.S. Armed Forces were the main and most realistic source of military danger from the east, we persisted in suggesting the limitation of these forces. It was not until recently, judging by some indirect signs, that the Soviet leadership began realizing that the American potential in the APR primarily secured the objective of regional stability and that the deployment of this potential would make aggression against our territory virtually impossible from the standpoint of the classic military-strategic goal—i.e., the goal of seizing land and economic and human potential.

The bipolar view had particularly odd consequences in the initiatives following Vladivostok, particularly when we tried to "exchange" our withdrawal from our base in Cam Ranh (Vietnam) for the withdrawal of the American Navy from Subic Bay (Philippines). Even the Philippine Government, which has used every opportunity to squeeze additional dollars out of the Americans for the use of the bases, could not seriously use this dubious trump card in negotiations because it felt that our move was a propaganda ploy. Later we tried not to remind anyone of this proposal, preferring to take unilateral action in reducing our presence in Cam Ranh.

Without reminding anyone of our odd foreign policy experiment, in 1987 and 1989 we concentrated mainly on the reduction of naval forces with the United States and on the persistent promotion of confidence-building measures, primarily in the naval sphere (M.S. Gorbachev's speech in Krasnoyarsk in September 1988, his MERDEKA interview, etc.). Several times we were given exceptionally firm assurances by the Americans that the discussion of these topics was futile and pointless. We pretended to be insulted by the United States' reaction, trying to look helpless and expressing the hope that all of this would come to pass someday. In this way, the "spirit of Vladivostok"—the search for solutions in other directions if the old road led us to an impasse—was eviscerated.

*The fate of our original intentions gave birth to two large "schools" among experts on the Asia-Pacific Region. The first was a group of "neo-realists," and the second was a less cohesive but apparently larger group of "over-compromisers."*

*The "neo-realists" believe that we cannot be of any significance in the APR because of our limited economic influence, the extremely unappealing connotations of socialism, and our bad "service record" in regional affairs. Our only possibility of influencing APR affairs is the potential inherent in the ships, bases, missiles, and other traditional accessories of the great power. If this is the case, then we should hold on to this potential as long as possible and only resort to unilateral steps in disarmament in extreme cases. The "neo-realists" believe that our allies are a burden, but the burden should not be laid down until a series of bargaining sessions has been conducted in order to gain certain concessions from the other side, and that the status quo should be maintained as much as possible until that time. There is no reason to expect economic assistance from the APR. We must rely on Europe, where a definite structure of ties and cooperation has already been established. For this reason, there is no point in placing any special emphasis on reforms in the Far East: It should develop and undergo reform at the same time as the rest of the union or the rest of Russia, at approximately the same speed and in the same form. No sincere "neo-realist" believes that the United States is a serious threat to us, but all of them feel that parity with America should be maintained because this will have a stabilizing effect on the situation in the APR, will allow us to save face, and will relieve us of the need to "disturb" our*

military leaders, who became too sensitive after a series of threatening reductions and who could play a destabilizing role in our internal game of solitaire.

In the opinion of this group of experts, everything positive that could be done must be done only on the level of bilateral relations and in traditional forms: We will give you a political concession if you give us aid (in the form of trade, technology, investment, etc.). The concessions, however, must be doled out carefully. The "neo-realists" have a precise idea of the significance of various subregions and countries: The higher the nation's ranking in world politics, the more important it is to us in the Asia-Pacific Region. The most important group of relations is with the United States, the second most important is with the PRC, and the third most important is with Japan.

The results of E.A. Shevardnadze's visit to China in September 1990 revealed the precise limits of political cooperation in the APR, consisting in the special Chinese "subregional" approach to existing problems, in contrast to the "region-wide" approach. Besides this, the PRC leadership clearly expressed its preference for the development of Soviet-Chinese relations on the bilateral level and was reluctant to analyze possibilities for interaction on the multilateral level in regional affairs. Multilateral diplomacy, in the opinion of the Chinese, is quite suitable for everything geographically remote from the APR—the Persian Gulf, southern Africa, and so forth.

The "over-compromising" group, on the other hand, believes that even if we make maximum concessions—i.e., even if the Soviet Union complies with all demands and proposals—we will not jeopardize our security or our influence in the slightest. This group proceeds from the same premises as the "neo-realists"—i.e., the insignificance of our general resource potential and influence in the APR—but it draws the opposite conclusions: We cannot lose no matter what we give up, because these things are unnecessary from the standpoint of rational policy. In their opinion, however, over-compromising consists in giving up something absolutely unnecessary in exchange for something extremely important. At one conference on the APR I heard a lengthy discourse by a scholar of Japanese affairs who said that all of the disputed islands should be given to Japan and then went on at length about what we might "get" from Japan for them. As far as the author knows, this would arouse something close to a state of shock in the Japanese, because it would certainly cause them to lose face: If the islands belong to someone else and are for sale, they do not want them, but if the islands are Japanese, why should Japan pay for its own land?

The advocates of "over-compromising" are prone to general democratic discussions of the benefits of moral and political condemnations of repression, brutality, and violence. They are prepared to use all channels and all methods to criticize Beijing's current policy line in domestic affairs, subject Pyongyang to public ostracism for its authoritarian and anti-democratic practices, and impose serious economic sanctions on Hanoi to

encourage a transition to pluralism and democracy in politics and to the market in economics. It is obvious that this approach would doom us to isolation from several important participants—key participants in many respects—in Asia-Pacific affairs.

Both approaches—"neo-realism" and "over-compromising"—seem dangerous and futile. The greatest danger, of course, would be the revival of the imperial-messianic variety of Asian policy—i.e., power-based rivalry with "imperialism" in all areas, the struggle to augment the number of allies and the sphere of influence of "world socialism," the traditional suspicion of China, etc. We can hope, however, that this would be absolutely impossible under the conditions of the present alignment of domestic political forces in our country.

We will try to define a rational approach, in contrast to the "neo-realists" and the advocates of "over-compromising," to our actual priorities, interests, and goals in the Asia-Pacific Region.

First of all, we should list several basic premises, which could be called truisms. The first truism is that **Asia is not Europe**. There can be no Helsinki forums, three-level theories, principles of the inviolability of borders, and so forth here in their pure form. On the other hand, there will always be a somewhat "overheated" military-political atmosphere, with all of the ensuing attempts at a test of strength, and this should not preclude attempts to establish more harmonious and interdependent relations in the APR.

The second truism is that **the APR is a multipolar region**. It would be pointless to organize multilateral interaction by states here on a quasi-bloc basis and, in particular, to attach too much importance to the problems of bipolar Soviet-American armed confrontation.

The third truism is that **most of the APR countries have absolutely no interest in what interests us**. This applies to most military-strategic issues, to the organization of flows of capital and technology into our Far East, and to the enhancement of our role in the APR.

The fourth truism is that **military strength is turning into a factor of secondary importance**. Military capabilities are no longer the deciding factor in virtually any conflict in the APR, although they are sometimes taken into account and compared in discussions of worst-case scenarios. The factor of economic strength took precedence 10 years ago. At the beginning of the new century it will probably be supplemented by the factor of influence—informational, cultural, and political authority resulting from a flexible and skillful strategy taking the tendencies of the information age into account. Then military strength will become a factor of tertiary importance.

Finally, there is something that might seem somewhat paradoxical to us but is already recognized as a truism in most countries: **National security considerations go beyond the protection of our own territory and the defense**



of our allies. It requires the maintenance of a regional balance of power and interests and the prevention of expansion in any form. It is precisely by virtue of the comprehensive approach to national security issues that the interests of non-allies in a threatening situation can be the same as the interests of allies.

With a view to these considerations, we should decide which of our goals in the APR are rational. In other words, we must decide what we need.

The range of goals is extremely broad. As I have already demonstrated, security issues were once viewed primarily from the imperial vantage point of control over territories and influence over the masses by means of ideologized aid and a militarized ideology. The period of indecision and uncertainty, which could more properly be called the period of the absence of an integral doctrine, in the last 6 years was seen by many of our partners as a gradual move away from the imperial policy line to the opposite, namely isolationism. Isolationism could also enter the public mind within the country as an extremely appealing strategy because it is the realization of the dream of a "waste-free" foreign policy, the result of the Afghan syndrome and the preference for a Europe-oriented foreign policy.

Today the only rational goal, capable of avoiding the extremes of globalism and isolationism, is the strategy of the consistent maintenance of a regional balance in the APR. We must realize that we cannot hope to represent even one of the power centers with universal potential in this region in the foreseeable future. If, on the other hand, any one state or bloc of states should achieve a position of absolute hegemony in the region, we will be completely excluded from this sphere. Our role in the region, our position and influence, will be determined and will depend on the maintenance of the multipolar structure, the advantages of which have been acknowledged by the new industrial countries (NIC) and ASEAN states and by the traditional mid-level countries—Australia and New Zealand.

We must recognize the fact that the Asia-Pacific Region will not pose any direct threat to the territory of the USSR in the foreseeable future. The disruption of the regional equilibrium, however, could pose a real threat to our national interests. I will list only the most obvious current possibilities:

- a) the proliferation of nuclear weapons and the radical growth of the military potential of North and South Korea, Taiwan, and Japan,
- b) the development of China's military potential to a level comparable to that of the "superpowers" in all areas of military strength,
- c) the restoration of the Chinese-Vietnamese alliance, accompanied by the dramatic reduction of the USSR's influence in Vietnam and the possibility of Western influence in the PRC,

d) the rapid development of ASEAN as a military bloc allied with the United States, and possibly with Australia as well, as a reaction to this.

All of these changes might be the result of our active "withdrawal" from the region and the creation of a power and influence vacuum here. For this reason, we must not give in to euphoria over the improvement of the global political climate on the assumption that this will automatically secure all balances on regional levels.

Another important goal, along with the maintenance of the balance in the APR, is the integration of the USSR's territories adjacent to the region in the quickly developing Asia-Pacific structure of economic growth. This is not a purely economic goal. General prosperity in the APR today is linked with relations of interdependence, the encouragement of cultural diversity, and the development of democracy. These characteristics make the region a unique testing ground for the civilization of the future. No other region in the world has all of these characteristics.

Even in Europe, where interdependence is growing stronger and where there is an indisputable move toward democracy, cultural homogeneity is being reinforced by the dominance of West European Christian cultural traditions. The APR, on the other hand, is giving rise to the unique interpenetration of cultures: The Western culture is entering the countries of the Confucian and Buddhist zone, and the opposite tendency is revealed in the American fascination with many Japanese business traditions in the 1980s. Under these conditions, the Slavic component could play a unique role in the development of this civilization of the future by introducing such features as universalism, religious tolerance, congeniality, and receptivity, as well as humaneness and spirituality.

Therefore, in our opinion, the two main goals of Asia-Pacific policy are, first of all, the maintenance of the regional balance and, second, integration in interdependent economic and cultural regional ties.

We will attempt to define some of the general guidelines of what should be done first, in our opinion, for the attainment of these goals.

First of all, we must take an objective look at our own potential ability to influence the situation in the region. It is obvious that this ability cannot be based solely on the factor of military strength or on political influence on the bilateral level. The days when military strength could be used effectively to attain political goals—for example, to secure the victory of friendly forces in internal conflicts (our assistance of the CCP against the Kuomintang, the PRC's assistance of North Korea, etc.)—are gone forever in this region. Direct political influence is becoming an anachronism because of the increasing economic burden and decreasing manageability of previously disciplined "clients."



For this reason, our main resource of influence in the APR should be the potential for political service on the multilateral basis. We can list some areas that are already apparent today

1. The settlement of the conflict on the Korean peninsula. Reunification will be inconceivable unless one of the parties undergoes radical changes, either the DPRK or the Republic of Korea. The present situation could last a long time, and it is in the interest of regional stability to strengthen the status quo. It consists in the existence of two autonomous states with strong ambitions to "absorb" each other, with sweeping ally commitments, and with increasing military strength, accompanied by minimal democratic traditions in the south and the absence of these in the north. Under these conditions, cross-guarantees of security will be required, namely a guarantee of the DPRK's security by Japan and the United States and a guarantee of the ROK's security by the Soviet Union and the PRC.

2. The issue of USSR-Japanese territorial disputes. It would be best to link the issue with the accessibility of the disputed islands to all countries of the APR as sites of economic development as the first step toward the reduction of suspicions in this area. Furthermore, the matter should be linked with more openness and trust in the sphere of military activity in the northern Pacific by establishing combined USSR, Japanese, and U.S. observation and early warning stations (with a view to the Japanese-American mutual security relationship). As part of this process, all military contingents of an offensive nature would be recalled from the islands, and the adjacent waters would be free of naval maneuvers. This would facilitate the final decision on the ownership of the disputed territories.

The accuracy of these observations was confirmed by the results of E.A. Shevardnadze's visit to Japan in September 1990. The Japanese can afford to take all aspects of international relations in the APR that do not lead directly to the discussion and resolution of the territorial disputes out of the confines of bilateral relations. Our package of proposals, resting on the traditional—i.e., "disarmament"—basis, still has few appealing features as far as the APR countries are concerned and therefore has little chance of winning support.

3. The resolution of arms limitation problems on a multilateral basis. The bilateral—on the USSR-U.S. level—limitations and reductions of armed forces in the APR seem extremely ineffectual because the confrontation between them exists not in the sphere of actual policy, but only in the thinking of the officers of the respective staffs. This leads to disregard for the existing multipolarity of the region and the variety of reasons for the start of conflicts. Armed forces should be limited on a multilateral basis, and the best option is likely to be a return to the quota principle (as in the Washington treaty of 1922) or the institution of different ceilings for different states. The achievement of quotas might be a

long-range result, but the process of multilateral negotiation itself would create a more predictable situation and strengthen confidence in the military-political sphere. The negotiating process would help in excluding the possibility of uncontrollable arms races between medium-sized and small countries, in finding the most suitable compromises with regard to the "defensive sufficiency" of military potential, and in establishing subregional confidence-building mechanisms.

This could be followed by the consideration of several issues which are not on the agenda of debates and negotiations today but which will have to be considered if the current tendencies toward stronger interdependence and integration in the APR continue. The basis of these long-range problems is that the prosperity of individual nations is no longer conceivable without integration, but part of state sovereignty might have to be given up during the integration process. The resolution of this dilemma will require the efforts of multilateral diplomacy.

4. The prevention of broad-scale violence in solving domestic political problems in the states of the region. Obviously, this would entail the restriction of state sovereignty. Nevertheless, the political realities of the APR are such that actions of this kind lead inevitably to outside intervention. Some examples of this are the internationalization of the Cambodian problem, which Vietnam resisted unsuccessfully for such a long time, the international interest in and moral support of the opposition movement for democracy in the PRC, the interest in the problem of Timor and Tibet, and many other cases. The refusal to discuss this problem can only result in the start of other such conflicts in the future.

A proposal which might be defined as mutually acceptable would probably be based on the following principles. The countries of the region would pledge not to resort to mass-scale violence for the suppression of opposition movements or to offer material assistance to the opposition movements in other countries that proclaim violence as one means of struggle against the existing government. Some variety of mutual guarantees would create a situation in which the opposition and the government would find more benefit in sitting down at the negotiating table than in taking up arms in a critical situation. Besides this, even if an agreement of this kind were to be concluded by just a few states in the APR, it would create qualitatively different possibilities for the legitimization of opposition movements. This would help to raise the level of political sophistication and promote the development of democracy in the region.

5. The regulation of the status of migrant workers. This problem, in addition to having purely economic and legal aspects, has a direct relationship to regional stability. A mass influx of people of a different nationality, with an alien culture and customs, and consisting primarily of men of reproductive age, has always been a factor introducing qualitative changes into the ethnic balance

in the recipient country. Indonesia, Malaysia, and Thailand experienced the negative effects of Chinese migration at different times; mass Indian migration caused permanent instability in Fiji and affected Burma in the postwar period; Vietnamese migrants seriously complicated the ethnic balance in Cambodia. The continued economic development of the region will turn mass migration into an unavoidable result of differences in development levels. The most probably recipients of migrant workers will be Australia, Japan, and the USSR and, to a lesser degree, Malaysia, Singapore, New Zealand, and Taiwan. The countries which will produce the highest number of migrants, on the other hand, will be Vietnam, the PRC, Indonesia, and the Philippines.

This will call for a multilateral decision that will secure, on the one hand, the observance of the migrants' human rights (in acceptable volumes for the APR) and, on the other, will insure recipient countries against intervention in their politics by the migrants and exclude the possibility of mass resettlement without the consent of the host country.

6. The further harmonization of relations between nations in the APR will necessitate multilateral support for the existing ethnic, cultural, and religious diversity here. Many of these countries have ethnic groups which are still on the lowest level of the development of material civilization and are striving to limit contact with their more highly developed neighbors. These are the many ethnic groups in the mountains of Southeast Asia, the Aborigines in Australia, and others. This calls for the understanding that accelerated assimilation, and especially forced assimilation, can inflict irreparable harm on the principle of self-determination and the equality of ethnic groups. The leaders of countries in the region must be fully aware of the impermissibility of genocide in any form, which is not necessarily limited to the physical annihilation of the ethnic group.

This is not a complete list of the problem areas in which we could set the mechanism of multilateral diplomacy in motion in our own interest and in the interest of most of the countries of the region, but action in these areas could definitely strengthen our influence in the APR.

A second source, in order of discussion and not in order of importance, of our influence in the APR is the development of our national territory adjacent to this region. This would entail the restoration of normal economic and social conditions in our Far East. Besides this, it would be advisable to augment our capabilities in the sphere of transportation and communications to gain the status of a bridge between Europe and the APR. One of the first steps in this direction would be the restoration of reasonable economic ties with the countries of the APR, free of ideological conditions and political considerations. The Republic of Korea, Taiwan, Malaysia, Thailand, and Singapore seem promising. Australia would be almost the ideal partner if it were not for our limited financial resources. The excessive attachment of the potential of our Far East to the PRC could perpetuate

the technological underdevelopment of the territory and the intensive exploitation of its crude resources by far from the most progressive technical methods. We cannot expect Japanese or American businessmen to have a strong interest in the development of our Far East because of the virtually insurmountable gap in development levels, which will be reflected in the sphere of technology, in the training of manpower—or, more precisely, in the impossibility of training our personnel to meet Japanese and American standards—and in the possibility of achieving at least the average world profit margin under the conditions of political uncertainty and financial chaos.

To secure at least the possibility of progression in this direction, we must intensify our legislative activity in the financial and administrative spheres in the Far East. This might require a group of measures to establish an autonomous entity with its own ministry of finance and bank (or banks), and it might turn out that the elimination of dependence on the center could require a return to the Far Eastern Republic which existed at the beginning of the 1920s and was connected to the RSFSR by a group of commitments but was officially independent. I believe that only radical independence can make this region appealing for mass migration from other parts of the union, but this is a topic for another article.

If we take a realistic look at the development of processes in the APR, we cannot fail to see that the intensification of perestroika and the establishment of the strategy of the new political thinking are delineating a new role for our country in the Asia-Pacific Region. In our opinion, this would be a combination of the economic policy of a "Third World" country, which is all we can claim to be at this time, and the policy of a regional power center strengthening its own influence through multilateral diplomacy. In general, the Soviet Union has little time left in the APR to regroup its forces and resources and focus on real problems so that we can become one of the full-fledged participants in regional affairs before the end of the century.

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#### **Japan's Ambassador to USSR on Security, Ties**

91UF06354 Moscow KRASNAYA ZVEZDA in Russian  
11 Apr 91 First Edition p 3

[Interview with S. Edamura, Japanese Ambassador to the USSR, by KRASNAYA ZVEZDA observer A. Golts; place and date not given: "Japan's Goal—To Contribute to the General Prosperity"]

[Text] Only a couple of days are left before USSR President M.S. Gorbachev's visit to Japan. Now there is no end to the suppositions and predictions and sometimes even open speculations about Soviet-Japanese relations and the prospects for their development. Therefore the Soviet public must know about the official position of our Far Eastern neighbor regarding crucial international

problems. This is why KRASNAYA ZVEZDA observer A. Golts asked the Japanese ambassador to the USSR, S. Edamura, to answer a number of questions.

[Golts] Mr. Ambassador, remarkable changes are now taking place in the approaches to ensuring security in Asia and the Pacific. Soviet armed forces are being reduced in the eastern part of the country and there are also plans for reducing the U.S. military presence in the Far East. The states of the region have put forth constructive initiatives aimed at strengthening the peace and cooperating in the Asia-Pacific region. Does Japan intend to present its own proposals in this area?

[Edamura] We know that Soviet forces are being reduced in the Far East as well. At the same time the level of naval forces remains fairly high. We know also that recently there has been qualitative improvement of these forces. Our country is also concerned about the fact that in connection with the arms reductions in Europe these arms are being transferred to regions east of the Urals. So the Japanese still have a certain amount of concern about the fact that the Soviet Armed Forces are increasing both qualitatively and quantitatively. This issue was touched upon at a recent meeting of our countries' foreign affairs ministers. The USSR foreign affairs minister provided an explanation. At the same time we hope that the Soviet Union will take into account the concern the Japanese people still have.

I would also like to touch upon the question of glasnost in the military area. As you know, our country publishes all information on its defense program and the stationing of armed forces in a number of publications, including the annual "White Book" on questions of defense. I consider it very important for similar measures of confidence and glasnost to be taken with regard to the Armed Forces of the Soviet Union in the Far East.

As for our country's position on problems of security in the region, it consists of a pragmatic approach. When there were two opposing military blocs in Europe, naturally, the major role in ensuring security was played by the reduction of armed forces and arms. But Asia is a region where each country is in a different stage of development and where various historical formations and different cultures exist in parallel. Therefore we think it necessary to contribute to the economic development of all. And through economic prosperity we can provide for social maturity and thus achieve political stability in the region.

As you know, Japan is the largest donor of economic aid in the world. And two-thirds of it goes to the countries of Asia. Capital is actively being invested in these countries. Through economic cooperation the interdependence of the countries of the region deepens and the sphere of mutual understanding and cooperation broadens.

Before coming to Moscow I served as ambassador to Indonesia. From my work experience in Asia I know that these countries do not want radical changes in the area of

security, because the present situation guarantees real development of the region's economy. I am speaking about achieving broad stabilization, taking into account not only military but also economic and social factors. And we call this a comprehensive approach to security.

On the other hand, there is the territorial issue between the USSR and Japan and the standoff between the North and South on the Korean peninsula, there is a civil war in Cambodia, and there is instability, confrontations, and conflicts in certain other regions. The most crucial question here is how to eliminate the sources of these conflicts. Here an important role is played by open dialogue between our two countries concerning problems of the Korean peninsula and Cambodia. There was no such open dialogue before. I think that further investigation and cooperation of this kind between Japan and the USSR in solving certain problems will serve to stabilize the situation in the region, and in the future we shall have to look for opportunities for cooperation among the involved countries.

[Golts] It is impossible to strengthen security in Asia without a radical improvement of Soviet-Japanese relations. What does your country intend to do in this area in the next few years?

[Edamura] Our two governments have reached an agreement concerning the most difficult things, but at the same time the most important issue is to conclude a peace treaty. But this presupposes solving the problem of who owns the islands of Habomai, Iturup, Shikotan, and Kunashir, that is, the solution to the territorial problem. These islands were recognized as Japanese territory as a result of negotiations in 1855 when relations between our countries were first established. But Soviet forces occupied these islands in 1945 after World War II. A couple of days ago when I was delivering a lecture to the Znaniye society, someone from the audience objected to what I said about the territorial issue. This person asserted that since these islands were liberated by Soviet troops, only the Soviet people could decide whom they belonged to. In responding to him, I emphasized that the application of force does not automatically determine territorial possession.

Thus as a result of the war in the Persian Gulf, coalition troops liberated Kuwait and occupied the southern part of Iraq. But I think it would be inadmissible if the U.S. armed Forces, which played a major role in the coalition, were to continue to occupy this territory or to annex it. And the United States has no such intentions. With this example I simply wished to show that postwar boundaries must be determined taking into account the historical and legal viewpoints.

USSR President M.S. Gorbachev's visit to Japan is drawing near. I would like to hope that he will reach a fair solution to the second problem, based on respect for the laws of his country and international laws. The Japanese government hopes for such a solution. Attaching very great importance to concluding a peace

treaty, it is exerting all efforts to realize the concept of an "expanded balance." This means that Japanese-Soviet relations will develop rapidly if we achieve a breakthrough as a result of M.S. Gorbachev's forthcoming visit.

[Golts] Mankind has entered the last decade of the 20th century. It is known that Japan regards this period as decisive in strengthening its role in the world arena. In your view, what major tasks face Japanese society in this decade?

[Edamura] As a result of the growth of the country's economy, Japan now accounts for 14 percent of the world gross output, that is, one-seventh of all the goods and services in the world come from our country. Having such gigantic economic might, Japan, in keeping with a constitution based on pacifism, has limited its defense efforts to a minimum. Its defense expenditures comprise only one percent of its gross national product. The goals of defensive readiness are extremely strictly determined. Only in the event of aggression against Japan will they be used for self-defense. Although Japan is one of the largest exporters in the world, we do not export arms.

In my opinion, our country's task is to make a contribution to the stability and prosperity of the whole world, having economic might and maintaining the current approach, which is based on pacifism. Another important task for us is to preserve and develop the current world order which makes free trade and movement of capital possible.

Another goal of ours is to have the largest possible number of countries flourish because of integration into the world economy, including the countries of Eastern Europe and the Soviet Union.

The developing countries have serious demographic problems and problems of indebtedness. Moreover, at the present time we are seriously alarmed about problems of environmental protection, drug trafficking, and epidemics of such diseases as AIDS. All this requires broad international cooperation. I think that Japan

could make a contribution to solving these transnational problems since it has the necessary technological and financial potential.

In his policy speech Japanese Prime Minister T. Kaifu notes that Japan must become a rich country not only materially but also spiritually. And the spiritual values of our country include compassion and magnanimity, which extend to other peoples as well.

[Golts] In your country from time to time there are appeals to increase Japan's military potential and to make it possible to use "self-defense forces" abroad. In your view, is there a link between the strengthening of armed forces and expansion of their functions and strengthening of Japan's international authority.

[Edamura] Indeed, in the past, countries with influence in the world have had large armed forces. And countries that were weak in this respect had a low status in the international community. On this plane, my country's practice is a historical experiment.

But if you take the war in the Persian Gulf, Japan exerted a good deal of effort to make Iraq leave Kuwait. Our government invested more than \$10 billion for the support of the multinational forces and to help the refugees and Iraq's neighboring countries that sustained damage. But, as distinct from direct participation in the war, this kind of economic contribution did not show up on the screens of the television sets. This is why our country's contribution to the victory in the Persian Gulf is unfairly given a low rating by the world community. In this connection, in Japan we are now actively discussing what Japan's actions should be in such situations. We are also discussing the question of a contribution in one form or another to UN activity for strengthening and maintaining peace. But in Japan there is no discussion of a significant expansion of armed forces or the use of such forces abroad.

If the tendency toward a warming up of the international situation and cooperation between the USSR and United States continues in the future, the role of armed forces will gradually decrease. I hope that then there will be a fair assessment of Japan's peace-loving policy.



### Soviet-U.S. Coordination on Mideast Policy Urged

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in Russian 16 Feb 91 p 4

[Article by Konstantin Eggert: "Us—They Love, Them—They Respect: The Gordian Knot of Mideast Problems Should Be Untangled By the USSR and USA Together"]

[Text] Even today it is clear that we are going to have to reject many stereotypes of the past. We have seen a serious undermining of the prestige of Jordan and of King Husayn personally, who has turned out in fact to be the hostage of a parliament dominated by Islamic fundamentalists. Following the pro-Iraqi declarations of Yasir 'Arafat, the seriousness of the course pursued by the PLO has been placed in doubt. The impression is created that 'Arafat is trying to consolidate his shaken authority by rousing hysteria which has nothing to do with the true struggle for the rights of Palestinians. It is unknown what changes the internal political situation in Iraq itself will undergo.

The traditional scheme of confrontation—"USSR and the Arab nations against the United States and Israel"—began undergoing erosion long before the present crisis. However, notions that the fundamental mechanism of changing our policy in the Mideast must consist of abrupt rapprochement with Israel accompanied by a no less abrupt reduction in military and economic cooperation with the Arab states are entirely oversimplified. Of course, the previous policy aimed at overarming regional dictatorships in exchange for their unstable loyalty has discredited itself. There can be no doubt that the development of comprehensive ties with Israel has become a pressing necessity. We cannot forget, however, that the present arrangement of forces is the fruit of political and ideological confrontation between the USSR and United States, which has one way or another influenced most events taking place in the Mideast in recent decades. It has evolved to the point that untangling the knot of contradictions must also be a two-sided process. And there is some experience of cooperation in this sphere. We remember the combined actions of our countries in ending the 1973 Arab-Israeli War and the Vance-Gromyko declaration of 1977. Today there are more than weighty grounds for cooperation.

For many years our military-political leadership believed that arms shipments were the best means of strengthening Soviet influence in the region. Today the insolvency of this view is apparent, although even in 1974 thoughtful observers paid attention to the ease with which then Sadat's Egypt rid itself of military cooperation with the USSR. At the same time the United States never relied on arms exports as the basic method of achieving its political aims. The chief instrument of American (and Western in general) policy was economic activity. This included credits, gratuitous aid (never

inordinate, but always timely and appropriately presented), and technological assistance yielding (and this is very important) quick results in precisely those areas which directly affect the everyday life of the population of "client" countries. During the cold war period this policy provided Western countries a number of important advantages in the regional confrontation with the USSR and established very significant parallel advantages for them in the Mideast market. While the Soviet Union, with its thoroughly ideologized system of aid to the "fraternal" countries, turns up now in the role of loser.

Of course, we are unable to provide assistance on the same scale as is being provided by the United States, or the Netherlands, let us say. But we also do not have the right to reject this entirely. Such a step would today cost us the loss of future positions in one of the most promising world markets. How to use this important instrument of policy is another question. And here, sound commercialization of foreign ties, radical reform of our foreign economic departments, allowing newly established business a free hand, and providing incentives for its assimilation of new markets should become the main means of rejuvenating this presently anemic and inefficient sphere. This author has had many opportunities to talk with Arab businessmen and has heard the same thought expressed over and over: "Why don't you want to engage in normal trade, give and take on credit, produce? We are ready to cooperate with you." I know full well that in many spheres (not all, of course), our country can compete with the United States, Europe, and Japan quite successfully by virtue of lower manpower costs and simple, inexpensive designs.

As far as arms trading is concerned, we will of course not succeed in terminating this in just one hour. But here too we see prospects for change—the cessation of gratuitous aid and reliance on the sale of primarily defensive systems. Moreover, a direct dependence should be developed between arms deliveries and the nature of the political regime aspiring to such deliveries. We know all too well today what a lack of discrimination here can lead to. And there is no point in uttering hypocritical phrases on the "impermissibility of exerting pressure on the internal policy of an independent state." In the final analysis, "trade by death," wherever it existed, served precisely that aim in the majority of cases. At the risk of repeating myself, let me say that the search for forms of coordinating regional policy between the USSR and United States has become an imminent necessity.

When this author visited the Middle East for the first time as a 20-year-old student, one veteran diplomat told him in a moment of frankness: "The Arabs do not love the West, but they respect it. They love us, but respect us a great deal less." It is time to resolutely reject unrequited love and together begin the journey toward mutual respect—the basis of our civilization.

**Israeli Environment, Political Climate for Soviet Emigres Viewed**

91UF0686A Moscow IZVESTIYA in Russian Union  
Edition 24 Apr 91 p 6

[Article in two installments by IZVESTIYA Special Correspondents Yegenyi Bay and V. Skosyrev, Jerusalem-Moscow: "Living in Israel: Soviet Emigrants in the 'Promised Land'"]

Union Edition 24 Apr 91 p 6

[Text] A recent meeting in London between the prime ministers of the Soviet Union and Israel did not clarify the issue on when diplomatic relations would be restored between the two countries. But then again, contacts are being intensively developed even without diplomatic relations. Consulate-generals and chamber of commerce and industrial missions have been opened in Moscow and Tel Aviv and Soviet and Israeli merchants, artists, and scientists are visiting each other.

But is it not paradoxical that massive emigration from the USSR to Israel remains the largest channel through which contacts between the people pass. Last year, 184,493 people arrived there. This number may reach one million during the next few years according to the predictions of the Jewish Agency which is involved with transporting and providing the infrastructure for immigrants.

The Israeli press thinks that their reception is the "highest priority task" facing the government. But this problem is also relevant for our ill-equipped home that has been left behind by its citizens.

**"...A Fourth of Our Former People"**

"Oh, darling! Was it just two months ago that you were my patient?"

It had to happen during our business trip that one of us developed a serious abscess. He was not covered by a medical insurance policy and it was never a question of seeing a private physician. One visit to an Israeli dentist would cost a minimum of \$200 which the meager business trip fund obviously did not provide for.

Unexpected medical help was found in the form of two nice dishwashers in the dining hall... of the Knesset, the parliament, which we entered after a conversation with a deputy. Irina and Svetlana arrived in Israel with their families two months ago. One of them worked at an emergency dental office on Krasnoselskaya Street in Moscow. Luckily, it turned out that she had her instruments at hand which she had brought from home (she had to help a friend whose family budget also could not withstand a visit to a private physician). So, a simple operation was begun in plain view of the astonished parliamentarians during which the young women managed to describe their everyday existence.

At first, they liked everything. The fact that they had already received one-third of the sum allocated to each family arriving from the Soviet Union (during the first year, a family of three is paid 18,500 shekels, nearly \$9,000) at Tel Aviv Airport, the fact that stores have everything and there are no lines, and the fact that their new neighbors and acquaintances are absolutely unselfishly ready to help ("Some came and offered us a television. Can you imagine?"). They also like the fact that there is no spite or irritation in relations between people and that everyone smiles at them on the street and there cannot be a question of being malevolent or boorish.

Both families received reduced credit from the government to purchase a television, refrigerator, washing machine, and furniture. They pay the interest now and later, only three years from now, they will begin to pay off the loan itself. Irina and her husband rented an apartment—it is expensive, nearly \$500, but it is in a good area of Jerusalem and also on credit. Finally, the Israeli government totally pays, just like all other arrivals, for their studies at "ulpan" [Hebrew language school], a six-month-long intensive course of study of Modern Hebrew and also all transportation costs while they look for work.

The young women also were not disturbed that they, skilled specialists with higher educations, are working as dishwashers in a cafeteria and that their husbands, candidates of science, had found similar work at a restaurant ("Quite a few of us that are engineers sell shashlik or bake pirozhki in cooperatives").

The first encounter with the Olim, which is what they call immigrants from the USSR in Israel, confirmed what we had already heard many times. For six months to a year after crossing the border, people are in a state of total euphoria. They feel that they have been expected here and that conditions have been created for them that make adaptation as painless as possible. The Israeli government and the Jewish Agency actually assume responsibility for their fate (again, for a six month period). So-called "absorption centers," a type of dormitory and there are 42 of them in the country, await those people who turn out to be incapable of "direct absorption"—direct involvement in life and an independent search for work and housing. There the government, which feeds them and provides them with a roof over their heads, totally supports the immigrants for six months.

Many people told us of Israel's interest in a massive influx of immigrants using approximately the same expressions. Labor Party Parliament Deputy Mordekhay Gur expressed it more harshly and definitively than the others: "We need new blood. There are few of us, a total of four million altogether, and we are surrounded by enemies. By accepting immigrants, the State of Israel becomes stronger. That is the first point. And the second point is that we do not have enough workers and the

manpower market is very tight. Increasing the population will make our country more competitive in the world."

Ethiopia is second after the USSR as a source for replenishing the population of Israel. Last year, nearly 3,000 dark-skinned Jews arrived from there. "We can be pragmatic in everything else but only not in this," says Jewish Agency Representative Gad Ben-Ari. "Any Jew, regardless of means or the color of their skin, can find refuge in Israel. We think that, regardless of their place of birth, they are returning to their home and are finding their true family."

It is a sad comparison for us that it is primarily the worsening economic situation that is driving people from the USSR and Ethiopia. However, the "common family" factor also does not play a minor role. "I have found psychological comfort here which I did not have in my native land," young Doctor Leonid Gaft told us. "In the Soviet Union, I had 'everything' on the Soviet scale: a job as deputy chief doctor at a city hospital, an apartment, and an automobile. But I constantly felt that I am a Jew. Even when filling in a charge-card at the library, I had to write that down. I was not ashamed of my nationality but it was morally oppressive. The other children my son's age yelled at him in the yard: 'Jew, Jew.' And how would it have been if he had entered the army?"

Leonid's colleague Eduard Shifrin, a "second wave" immigrant who participated in the conversation and who settled in Israel in 1973, observed: "But here my son serves in Nablus (a city in the occupied Arab territories), he is a karate expert and a paratrooper and he really likes it. Have you seen how many armed young people are on the streets of Tel Aviv? They are being sent home on pass and they bring their assault rifles with them. In Israel, the government implicitly trusts its citizens, the citizens respect the government, and that certainly is the source of our strength. We are all like one family here and that is the only reason why we have been able to bring the country out of the crisis and chaos which it was in during the middle 1960's and early 1970's. Israel is very rapidly beginning to stand on its own two feet after all of the upheavals. It is like a cat which always lands on its feet no matter where it falls."

E. Shifrin heads the cardiovascular surgery department of one of Tel Aviv's major hospitals. Only three of the doctors who have arrived from Russia have been able to attain such a position. However, he thinks that the current immigrants are in a more advantageous position than those who arrived here 20 years ago. During that time, the country has grown in an intellectual sense, chauvinism has disappeared, and there is none of the former animosity between the Sephardi who were originally from North Africa and the Ashkenazi who have European roots. Previously, no one here was interested in the settlers from the Soviet Union, said E. Shifrin. The bureaucrats simply taunted us. We were compelled to totally take our fates in our own hands.

However, with all of Israel's readiness to accept an enormous number of immigrants, does a real possibility exist of providing all of them with jobs? Gad Ben-Ari states on this score: "More than 60 percent of all those who arrived last year have found work but the majority of them not in their specialties. Many engineers are fulfilling technical and often even drafting work. There simply is no demand for some professions. For example, there are so many musicians that three new orchestra were formed in Israel last year. But how many orchestras can the Russians bring with them? There is an improbable number of oil production and mining specialists. But there is no oil in Israel and there is only one mine. Therefore, they all have to be retrained. A particular headache are writers and journalists who work in their native language. Mastery of a language is generally one of the primary difficulties. And the government and the Russian colony itself helps those who do not know Hebrew. Dozens of newspapers are published in the Russian language in Israel. Nearly every central newspaper has an insert in Russian. There is television news in Russian. But this remains a problem."

One of the comparatively new methods of acquainting newly arrived people with Israel's market economy is the creation of small scientific-commercial enterprises that primarily operate in the "high-technology" and leading technology area and that are oriented for export.

#### "Hi-Tech" in the Negev Desert

The city of Beersheba, the capital of the Negev Desert which occupies nearly two thirds of the territory of Israel, is mentioned in the Bible and it is no less than 3,500 years old. However, unlike Jerusalem, not one ancient stone remains in Beersheba and they began to construct it anew on its former site nearly a quarter of a century ago. One of Israel's youngest universities is in Beersheba. We arrived there primarily because a scientific center sprung up there last year that is made up exclusively of people originally from the Soviet Union.

Professor Herman Branover is its curator and is simultaneously the head of the magnetohydrodynamic research laboratory at the university. He has been in Israel for 18 years and prior to this he lived in Riga and worked as a Lithuanian Academy of Sciences senior scientific associate. The thought about emigrating to Israel came to him in 1957 but he could only leave the USSR in 1973 after he had been a refusenik for two years, was subjected to preventive arrest, and was unemployed. Before his departure, the authorities presented him with a bill for his university diploma, candidate and doctor's degrees, and professor's diploma, and a bill to his wife for her medical diploma. Altogether, they paid 31,300 rubles for this. They placed the money borrowed from friends into a suitcase and carried it to the savings bank while simultaneously fearing that someone would steal the money from them en route and that the savings bank would not accept the money (they would ask, where could an unemployed professor get that kind of money?).



They did not ask them anything, they quietly accepted the money and wrote them a receipt.

You will agree that such a fate could have negatively disposed the professor toward our state. But there is no spite and there is something quite the opposite of that—a sincere desire to associate and cooperate. Last summer, Professor Herman Branover visited Moscow and met with USSR Academy of Sciences President G. Marchuk and the heads of Moscow Institute of High Temperatures (IVTAN) and proposed an interesting project to them.

Right now a new installation for producing electricity using magnetohydrodynamics is being built near Beersheba. Moscow Institute of High Temperatures is also working in this area but research is moving in a somewhat different direction. And when the two centers compared results, they discovered that they were both interested in cooperation. They agreed that IVTAN will manufacture a number of components for the installation being constructed in Beersheba. At the same time, they carefully studied the idea of creating a joint laboratory on energy problems which would simultaneously operate in both countries.

This cooperation, Professor H. Branover explained, is advantageous for both Israel and the USSR. The Soviet Union is encountering numerous and entirely understandable difficulties when it offers its technology on the world market. Frequently, its standards, approaches, methods, and style are neither understood nor accepted abroad. Nearly 500,000 Soviet VUZ graduates are working in Israel who perfectly remember the Soviet style and who completely understand Soviet documentation. Israel could take on the role of a country that does marketing for the USSR. In turn, the Soviet Union could share its experience in a whole series of sectors which are developed in our country, specifically, metallurgy, materials technology, inorganic chemistry, and mathematics. This is the desire: manufacture castings from special materials in the Soviet Union. They will be filled with their electronic "guts" in Israel. The finished products will be sold at a competitive, lower price in the United States and in the countries of Western Europe that have extensive agreements with Israel. This is a concept for now but Professor Branover believes in its success.

Specialists who have left the USSR have taken on the function of contractors for the Israeli side. At Beersheba University, we became acquainted with eight of them who have been hired by Professor Branover. One is a doctor of science and the rest are candidates. Their average age is nearly 40. They have been in Israel for from a year to a year and a half. Their specialties are primarily associated with energy transformation and energy savings, cooling, and preventing contamination of the environment. Practically every one of them encountered serious difficulties before fate brought them to this center. Thirty-nine year old Boris Menin, previously head of a cooling technology laboratory, is from Leningrad and was simultaneously engaged in the study of English and Hebrew for 12 hours per day. The

languages became scrambled in his head but right now he thinks that he can already make himself understood on the street. Boris sent over 60 resumes to various enterprises and scientific centers while trying to find a job. One addressee turned out to be successful.

The eight specialists are not working at the university itself where all openings are filled but at a small scientific-production center in the small town of Ofaqim near Beersheba. The center specializes in a number of scientific disciplines with the prospect of being turned into a commercial company. Professor Branover has already founded a company in Jerusalem that is associated with exports abroad using a number of former Soviet specialists. In his opinion, this is the best absorption method for them. Israel cannot permit itself the luxury of opening up to 10 more universities, said the professor. Newly arrived persons can only find jobs through a network of small commercial companies that are closely associated with the scientific centers. Israel must follow the path of Hong Kong, South Korea, and Taiwan by obtaining a skilled and generally inexpensive work force and by offering goods for export. High-technology, which assumes the high development of electronics and automation, must be the basis for it.

So, a new Hong Kong? But the former Soviet specialists must master marketing skills in order to acquire a place for themselves in the market economy. For now, despite some shifts within the Soviet Union itself, the majority are arriving with the most abstract ideas, not knowing and sometimes not wanting to learn if some project or other will suit Israel's open economy that is based on competition. In short, that very "Soviet style" that is very poorly understood in the West.

Cottages are already being erected in Ofaqim for the arriving Olim. They anticipate building 6,000-8,000 apartments during the next year. What about the material side of life of the new settlers? Salaries are incomparably higher than the salaries they received in the USSR but they are significantly lower than the incomes of like specialists in the United States. Professor H. Branover himself earns \$2,800 per month but almost 40 percent of his income is deducted for taxes. Like other university associates, he is reimbursed for all travel expenses to international symposiums and, moreover, after six years of uninterrupted work at the center, a scientific associate is offered an all-expense-paid year which he can spend at any foreign scientific center.

While sitting at the table, the seven candidates of science plus the doctor told us that they are successfully adapting to Israel, that they have on the whole mastered the language, and that they go to the synagogue on Saturdays. We have to admit that we suspected that it would have been difficult to hear otherwise during this arranged meeting.

However, far from all settlers can find themselves a place in Israeli society. It throws out people who do not share



grants is also creating delicate political problems for Israel. But we will discuss that in the next article.

Union Edition 25 Apr 91 p 5

## Return to Oak Tree

(Conclusion, Introduction in No 97)

Not only the current generations, but also the shadows of ancestors confront each other in Palestine. The Arabs revere Saladin—the military leader of the middle ages who returned Jerusalem to Muslim control and who drove out the Christians. The Israelis have their heroes. For example, among them are the defenders of the settlement of Alon Shevut which is about 15 kilometers from Jerusalem.

Legend says that armed Arab detachments laid siege to the settlement in May 1948. The men who defended the settlement desperately resisted but they died. The Israel outpost in the middle of a Palestinian encirclement ceased to exist and only an oak tree remained of it.

We are not historians and we are not able to confirm or deny the version of the 40-year-old events as they are set forth in Israeli guidebooks. The question is one of something else—about the fact that after the victorious, for the Israelis, "Six Day War" in 1967, they once again arrived at the location of the battles and erected the settlement once again and gave it the romantic name of Alon Shevut (Return to Oak Tree).

The builders and architects worked well: neat villas with flower gardens and three-story apartment buildings surrounded by greenery whose windows open out onto a view of vineyards and rocky hills.

In short, everything has been well-thought-out and planned. They are alive and well. Naturally, with the condition that a settler is not shocked by the high barbed wire fence around the settlement or by the guard post manned by an armed guard. Because Alon Shevut was built on the West Bank of the Jordan River, that is, on land that does not belong to Israel. It is no wonder that United Nation's resolutions have condemned not only Israel's seizure of this land but also specifically the establishment of settlements.

No matter how threatening the UN resolutions sound, Israel ignores them and continues to erect settlements and has brought the number of their inhabitants up to nearly 100,000 people. In this background, "Return to Oak Tree" does not stand out either by its size or by the number of its inhabitants. And nevertheless a trip there sort of permits us to touch the bare nerve of Israeli-Palestinian relations. The fact is that two families of immigrants from the Soviet Union have already been living there for about three years. And this, it would seem, confirms the thesis which the Arab press continuously repeats: "The Shamir Government wants to secure

But is settlement actually occurring?"

We sort of got lucky: Yuliy Edelshteyn, who had arrived from the USSR, began his guard duty stint in the glass guard booth near the entrance on precisely the day of our visit to Alon Shevut. An Uzi assault rifle and a basic load of ammunition lay on the table in front of him. Well, is this not proof that former Soviet citizens are not simply taking root on alien soil but are also participating in the pacification of the Palestinians?

The trouble is that Yuliy Edelshteyn and his friends whom we met in no way resemble fighters who arrived in order to firmly establish the ideas of Zionism in Palestine through the force of arms. On the contrary, it is hard to find a recent immigrant who treats the Arabs and his former fellow countrymen more kindly and gently. Although we need to admit that Yuliy of all people has adequate reason not to love the Country of the Soviets.

And where does this love come from since the Homeland in the person of "competent organs" decided to teach Edelshteyn an object lesson because he, while demonstrating a total lack of Soviet patriotism, sought the right for himself and for his family to study Hebrew and to emigrate to Israel.

This revolt could not remain unpunished, not only because they held Edelshteyn as a refusenik. On one nearly beautiful day in 1984, they "found narcotics" on him during a search.

In Israel, protests did not cease until he completed serving a three-year sentence in Buryatiya. And thank God the regimes changed in our country. So, after being released from the camp, he and his family were permitted to leave unobstructed.

Maybe for Yuliy this was a "kheppi end"—a happy ending to a personal drama. We do not know—we did not ask him about this. But with all of our sympathy for his difficult fate, the path he has chosen in his new homeland does not appear to us to be happy or just. He and his family have settled on occupied land. It turns out that people like Yuliy, having won their natural and legal right to live where they want to in the struggle with the Soviet bureaucracy, are exercising this right at the expense of another people, in this case the Palestinians.

There is no sense becoming involved in moralizing, all the more so since the settlers are often deeply religious people and you will not convince them that it is no good to justify the seizure of foreign territory with references to the Old Testament. It is more important to clarify this factor: Are there many individuals among the current wave of Soviet emigrants who are dedicated to Israeli domination over all of Palestine and who are ready to put down roots there in spite of the risk of direct clashes with the insurgents?

there are very few such people. If we follow official statistics, 1,100 people live in the settlements who sometime in the past, approximately 15-20 years ago, left the USSR. As we can see, until the present an invasion has not occurred from our country to the West Bank and to the Gaza Strip. But maybe we can anticipate it in the future? Is it not strange that none other than Yi. Shamir, who tied emigration with plans to create a "Great Israel," has aroused Arab fears on this score.

However, no matter what the prime minister's dreams are, the actions of the authorities are not nearly directed at forcing newly arrived people to settle beyond the "Green Line," that is, beyond the border that divided Israel and the Arab states prior to 1967. It is not a question of coercion. Everything depends on the desires of the immigrants themselves. And they consist of finding security and living in comfortable circumstances. According to our observations, the majority of people leave the Soviet Union, while saving themselves from economic ruin, the unsettled state, and outbursts of anti-Semitism, but not at all from adherence to the missionary idea of expanding Israel's borders. Therefore, colonization of the West Bank by Soviet Jews is sooner a product of the imagination and a propaganda slogan on the lips of Palestinian leaders than a real threat.

An entirely different question is how is the influx of our fellow countrymen will affect the prospects of solving the Palestinian problem. Here, alas, we can assess their "contribution" with a minus sign. The fact is that the Olim-immigrants are becoming a more significant factor in the internal political struggle. The outcome of the impending parliamentary elections in many ways depends on whom they give preference to—the Likud bloc headed by Yi. Shamir or the Labor Party headed by S. Peres.

Both Shamir and Peres are attempting to win the Olim's favor. But a precise pattern has been spotted: those Israelis who recently arrived from the USSR are inclined in favor of private enterprise and a harsh approach to the Arabs. Here nothing is surprising: the allergy to our socialism and to our Middle East policy which had a unilateral nature for a long time is having an impact. How sad it is that this allergy or negative emotions are in the hands of the ruling parties who are rejecting territorial concessions in exchange for peace. And in this sense, the Palestinian politicians' alarm is well-founded: massive Soviet immigration is strengthening the electoral reserve of the Likud bloc whose leaders are conducting the state along a path that does not promise a solution to the Middle East impasse.

### Ours and Not Ours

Minister of Immigrant Absorption Yitzhaq Peretz, certainly more than anyone else, is working for the sake of ensuring that the stream of those people arriving from the USSR does not dry up. But when Peretz visited Moscow, not nearly all candidates for settlement at the

female associate said that he was simply shocked while observing a family of 20 Russians, many with Christian crosses, request authorization to emigrate to Israel.

It cannot be denied, this is a strange situation. But it would appear that it should shock the Soviet side. What level have we sunk to if our fellow countrymen are prepared to go anywhere as long as they escape from the Union. However, even the Israeli minister is upset. Why?

St. Mary Magdalene Orthodox Church was erected in Jerusalem in 1888 using the resources of Emperor Alexander III and his brothers. The church was under the jurisdiction of the Moscow Patriarchy but the church was transferred into the hands of the foreign "White" church when Bolshevik rule was established in our country. Its center is in New York. Right now Abbess Anna and nearly two dozen nuns, primarily of Russian origin from America, Europe, and Australia, live on the church's land. And naturally as is usual at monasteries, they are ready to extend the hand of assistance to people of the Orthodox faith who find themselves in distress.

Actually, thanks to this custom, we also met a Leningrad engineer, his wife, and young son. While the nuns said their prayers before their meal in the next room, the former Leningrad residents told us how they had become settled in the new place. He had not found work in his specialty, this was impossible, and he said: so many highly skilled specialists have arrived here. He has washed dishes and he has swept streets. If you consider that work, then there is work here. And they pay quite well—you can live like in our country before pere-stroyka.

Our acquaintance even found an apartment (he refused to reveal his name), then war broke out in the Persian Gulf, and Iraqi Scud missiles began to fall on Israel. One of them destroyed his home. And that is why they had to seek refuge at the Orthodox Church.

We exchanged glances in bewilderment. Why did they not turn to the municipality, local authorities had placed bombing victims in hotels and had made efforts to repair damaged homes or to construct new housing. We ourselves saw in the town of Ramat-Gan adjacent to Tel Aviv that this was precisely the procedure.

"You have been here for too short a time to understand the Israeli system," answered the Leningrad native. "Yes, they are concerned about immigrants here but not about all of them. For example, we have even very much felt that they will not sponsor people of the Orthodox faith."

He was not telling us everything. But what? A meeting in Jerusalem with A.I. Khridin explained a lot. Aleksandr Ivanovich, a Pentecostal by religion, was a quite conspicuous figure in his native Bataysk of Rostov Oblast a couple of years ago. The fact is that he had organized a branch of an American missionary society in his home

and also propagated his faith on the streets and in the squares. The Soviet authorities in Rostov did not like this at all. They brought Khridin to trial and it ended with the court imposing a severe reprimand on him. Then, Khridin placed his fate in Christ's truth and the opportunity to emigrate to Moscow to Red Square and Kalaninskiy Prospekt. He paced back and forth with a sign.

Meanwhile, an invitation to go to Israel arrived. (The American missionary society had distributed these invitations to its adherents for many years. Israel listed these simply because it was nearly impossible for the brothers in Christ to leave the USSR for other states).

So, Aleksandr Ivanovich and his wife and two sons realized their dream about leaving. Naturally, they settled in Jerusalem near the Holy Sepulcher and other holy places. It seemed that everything was wonderful. But unfortunately, he does not know how to hold his tongue. If he would have kept silent about his Christian beliefs, everything would have been normal. But Khridin, who had enrolled in the previously mentioned course to study Hebrew, began to discuss this topic with his classmates. It reached the teachers and the director and they advised the students not to take anything from the newcomer and not to associate with him. And later they completely deprived the careless Russian of the opportunity to attend the course.

Without knowledge of the language and in a foreign country.... And then the Ministry of Interior learned about Aleksandr Ivanovich's strange behavior. They summoned him to this serious institution and after interviewing him for many hours, they issued him a permit for individuals without a country instead of an Israeli passport. And this means that he has not been entered into the memory of a single computer at the employment agency and that he also cannot count on the benefits which are granted to the Olim.

In fact, his first attempt to get a job through the employment agency failed. And all he wanted was to become a dishwasher at a hospital. They told him at the employment agency: Do not ask us for help any more. It is true that later he was lucky: Christian societies support a hospital for underdeveloped children in Jerusalem. They hired him there without asking for his documents, but they warned him: You can work until your Israeli visa expires. And he does not know if they will extend the visa. It still would be nothing if only the parents were suffering. But no. The children also turned out to be undesirable individuals for the state. They are not enrolled in school.

"Why do they have this attitude toward you?"

"Israel is a state of the Jewish faith and it is suspicious of other religions," my interlocutor answered. That is the root of the problem.

Naturally Khridin's opinion is colored by personnel misfortunes that can in no way be called unbiased. But

nevertheless, it seems to us that he is not exaggerating. At "Return to Oak Tree" settlement, Mikhail Grinberg, Yuliy Edelshteyn's friend and a staunch Israeli patriot, explained: "Our state is young. Its spiritual formation is just beginning. Hence, also the aspiration to shield the population from foreign influences. There is a zealous attitude toward questions of faith and not only from rabbis but also from the state. It is no accident that there is a law in force according to which a Jew cannot officially marry a woman who belongs to another faith. One more characteristic detail: A citizen's faith is indicated in the fifth column of the identification card instead of his nationality like in our country."

The problem of "ours" and "not ours" certainly exists in any society. But emigration from the USSR has made it particularly acute in Israel because just last year, besides Jews, nearly 35 percent of the arrivals consisted of Russians and representatives of our country's other nationalities. How will their fate develop? We can hardly be indifferent to it.

But then again, there are also Jewish settlers whose lot is close to the fates of the "not ours." We have in mind pensioners and the very old. Not the fact that they have been cast to the whims of market elements. No, not nearly. They pay them pensions that are quite decent by our standards. They help them with housing. But nevertheless it is especially difficult for them to adapt to their new reality.

Right now, I can still see before my eyes the faces of the two old men whom we met at Jerusalem's central bus station. Darkness and a piercing wind. Two men in threadbare windbreakers were marking something on sheets of paper marked with numbers and were talking in Russian. We met them while waiting for a bus in Tel Aviv. One turned out to be a former construction administration chief engineer in Tashkent and the other was an engineer from Novobirsk. They earn money on the side here, monitoring the bus schedule.

"Well, how are you getting along?"

The shorter one cursed, "We curse the day that we succumbed to the herd instinct and left. At home in Tashkent, I had everything—respect, friends, and the opportunity to manage large construct projects. I was a man there. But here, no one needs me. My wife is 54 years-old. They will not even give her a broom to earn a little money on the side."

"But you are receiving a pension...."

"But how do I maintain an apartment and how do I pay for my daughter's education at the medical school?"

"And here, in general there is no less bureaucracy then in the Union," interrupted his comrade, seeing that it was already time for them to get on the bus. "You know, I sometimes think that the Soviet system has undiscovered reserves, that...."

The doors of the bus closed and we could no longer hear him.

## Israeli Resources Strained by Emigres

91UF0723A Moscow TRUD in Russian 5 May 91 p 3

[Article by N. Ivanov: "Lads with Sharp Elbows—How Relations Between Immigrants from the USSR and Israelis Are Shaping Up"]

[Text] A tent city of protest has been pitched on one of Tel Aviv's most spacious and beautiful squares. The attentive reader, who knows about the scale of emigration from the Soviet Union, will immediately think that settlers are camped there who could not find housing in the land of their ancestors. But do not jump to conclusions. This is what the "protesters" themselves say:

"Until recently," says Aaron Mendelevich, a 25-year-old office worker, "my wife and I and our little son lived in a small and relatively cheap apartment in a suburb of Tel Aviv. The amount of apartment rent made it possible for us somehow to make ends meet. But several months ago the situation changed sharply, when the influx of immigrants from the USSR increased many times over. The state allocated resources to them to rent housing. On average, these sums turned out to be greater than the amount we and people like us were paying. Naturally, house owners immediately "hiked" prices, and hundreds of poor families ended up on the street. We are demanding that the government examine this problem and amend its policy...

This is one of the examples of how complicated relations have become lately between "newcomers" and Israeli "old-timers." Previously, these relations were almost idyllic. Restrictions on departure from the USSR led to the fact that only a few people annually got to Israel. Here, every family was granted housing free of charge for an unlimited term, they studied the language, they were given medical treatment, and they were getting set up with a job. And when an immigrant "matured," he was given a large loan for the purchase of his own apartment.

But in the course of our perestroika more and more "settlers" are arriving in Israel.

For a small country with a 4.5 million population, such an "infusion" cannot occur painlessly. The example of Beersheba, an Israeli city in the Negev desert, is indicative. Not long ago this was a relatively quiet university center with a population of 120,000. Due to its hot climate and remoteness from the main centers of the country, prices for housing here were kept at a relatively low level. After finding this out, the new immigrants poured into Beersheba.

"The result of this influx turned out to be lamentable for us," explains Lyudmila Weiss, who has lived in Beersheba since the beginning of the 1970's. "The new immigrants not only bought up all of the housing, depriving our youth of an opportunity to settle down in life, but what is even more horrible, they now represent very strong competition for the native population on the labor market. Jobs in Beersheba are few and far between,

and now it has become more profitable for employers to take on 'newcomers' who agree to any work and at any wage."

The conflict between the "old-timers" and the newly arrived has become so acute that demonstrations are being held by the local population here, protesting against the settlement of the city by immigrants. As Israeli radio reported, Minister of Construction and Housing A. Sharon privately warned governmental organizations of the fact that the shortage of housing for the immigrants could lead to an open clash between the "newcomers" and the "old-timers."

The problem of job placement is also becoming severely critical. The wave of immigration catastrophically increases the number of unemployed, who were already 10 percent of the able-bodied population (approximately 150,000 persons). In addition, a majority of the new arrivals are people with institute diplomas. Where can they work?

Here is a remarkable analysis that was made available to me in a Jewish agency. Of the first 42,000 adult immigrants who submitted a job application, 2,000 were scientists (mainly physicists and mathematicians), 11,300 were engineers, 2,600 were doctors, 2,500 were teachers, 1,700 were programmers, and 1,300 were economists. Many of these people have to retrain, others have to work outside their specialty, and still others have to work in positions that are considerably lower than in the Union.

Mikhail Kogan was a chief at one of the major plants in Dnepropetrovsk. He moved to Israel with his whole family several months ago. He managed with difficulty to learn Ivrit. And so he got a job at a little factory as a foreman.

"Of course, there is no comparison with my former work," he says. "Here, I practically perform the duties of a skilled worker. It is not easy to endure such a "transformation" at 53 years of age. But, honestly, I am satisfied. First, because I was able to get a job, and I already have stable, although not large, earnings. Second, because I see that with my arrival, and with the arrival of other olim (that is what immigrants are called in Israel), production began to expand, and output has increased. Our factory is moving to new and more spacious premises. If the sale of our products continues to grow further, we will receive a respectable increase in salary."

"By the way," continued M. Kogan, "immigrants are proving to be very good specialists. Those who knew their work in the Union well, and who are not lazy, can quickly achieve success here."

However, by far not all arrivals are adapting themselves so easily to local conditions. According to the claim of Maya Kanevskaya, the most difficult aspect for the



immigrants is to maintain a mental balance. Some, who created their own picture of capitalism, are beginning to display an irrepressible technique here—they make a fuss, and they rush from one thing to another with a single purpose: How to earn more faster. Such open self-seeking behavior shocks the Israelis.

"These lads elbow their way here with such zeal that many of them were given a licking and their corns were stepped on," an Israeli journalist friend complained to me. "To some of the arrivals it seems that capitalism is profiteering and generally outright swindling. Cases have already been recorded of giving large bribes to arrange a job, slander against colleagues for the purpose of getting a job promotion, and other kinds of unpleasantness.

At the same time, many of those who arrived recently are confused and unable to adapt themselves to the new circumstances.

"This condition arises, as a rule, first of all from an inability to learn the language," explains M. Kanevskaya. "You do not know Ivrit—you have not found work and have not joined in the local society and cultural life—you withdraw into yourself and your memories, and you are stricken with nostalgia. In this way, it is not far to suicide..."

For the sake of fairness, it should be said that Israeli society by no means abandons the "newcomers" to the whims of fate. Recently, numerous diverse social organizations have emerged whose aim is to render assistance to the olim. A cultural center for Soviet Jews opened recently in Jerusalem. Every morning at the kiosks a mass of newspapers and journals in the Russian language can be found that eagerly vie with each other in advising immigrants on how to set themselves up in a new job.

Nevertheless, despite these "alleviating circumstances," the confrontation between the "newcomers" and the "old-timers" is very noticeable. This was corroborated by the statement of former dissident Nathan Sharansky on the need to create a political party that represents immigrants from the Soviet Union. This idea earned caustic and scathing criticism from Israeli intellectuals for showing an "ethnic" approach to politics and a desire to split society. "The announcement of an alleged civil war taking place between the new immigrants and 'veterans' will do great damage to Israel," says Professor Herman Branover. "Those who are trying to exacerbate relations in society, and even more to create a separate political party for 'Russians,' are sowing discord, which will bear bitter fruit."

Be that as it may, the very thought of the creation of such a party attests to the profound contradictions between the immigrants and the native population of the country.

### Inturist Cancels All First Quarter Travel to India

91UF0661A Moscow IZVESTIYA in Russian 16 Apr 91  
Union Edition p 7

[Article by N. Paklin, IZVESTIYA personal correspondent (Delhi): "Fewer Conversations in Russian Can Be Heard in Indian Hotels"]

[Text] "1991—Indian Year of Tourism." Shiny copper plaques inscribed with these words and framed with multicolored garlands of living flower petals can be seen in many Indian hotels, but Russian is not one of the many languages heard in the hotels.

Soviet tourists are not a common sight in India this year. Just recently, however, they could be seen in many Indian cities. They were eager to travel to the "Land of Miracles": They stayed in first-class hotels, were flown to several cities, and were given time to relax on the warm ocean beaches. Even the 50 rubles the tourists were able to exchange for rupees before they left home were enough for them to bring a leather coat or jacket back home with them....

All of this, however, was in the recent past. Around a month before the beginning of the year of tourism in India the Inturist agency in Delhi received a short telegram from Moscow. It said that all trips by Soviet tourists to India in January would be cancelled. Another telegram arrived 3 days later. It said that Soviet tour groups would not be coming to India in February or March either. The Indian side was also notified of the cancellation of the Soviet tours.

This came as a complete surprise to Indian tourist firms. Their representatives had been in Moscow back in May and June for negotiations with Inturist. They had reached agreements on all of the details of trips by Soviet tourists to India for all of 1991, and then everything was suddenly cancelled. Needless to say, this put Indian tourist firms in a difficult position. Many of them, particularly the ones specializing almost exclusively in travel arrangements and accommodations for Soviet guests, suffered substantial financial losses. Of course, the Indian side could never submit any financial claims to us: Our Inturist never signed a single document with the Indian firms. All of this did, however, create feelings of resentment: The Indian firms had been taken in because they took us at our word, and our tourist business with India had always been based on mutual trust.

The Government of India, which had invested a considerable amount—570 million rupees (at the current rate of exchange there are 19 rupees to the American dollar)—in the development of tourism in the last 5 years, rushed to the defense of its tourist trade. Delhi sent an inquiry to Moscow. Minister of State for Tourism Usha Singh did not place her trust in written correspondence and stopped in Moscow on her way to London. In Moscow she had high-level talks with officials, including the administrators of Inturist. The Indian guest was

assured that an exception would be made for India and that Soviet tourists would be going there again, although in slightly smaller numbers than in earlier years. Indian newspapers reported with some pride that the Soviet Union had made a welcome exception for India.

April is here, however, and the pause in Soviet-Indian tourist exchanges is continuing. In search of an explanation, I went to the Inturist agency in Delhi, where both of the representatives had just returned from a big Inturist conference in Moscow.

"We do not understand what is going on either," they told me. "We were assured that the money to cover the travel expenses of our tourists had been allocated by the government when the state budget for 1991 was being discussed, and that it was a sizable sum. By the most conservative estimates, Inturist should have more than enough for 15,000 tourists. Furthermore, this is not hard currency, but Indian rupees, which are one of the non-convertible currencies along with our own ruble. Later it turned out that the Foreign Economic Bank did not have the money. We cannot understand how this happened. In addition to this, prospects for the future are extremely vague. The arrival of an Inturist delegation which will be signing a protocol with Indian firms on tourist exchanges in 1991 has already been postponed several times." (Incidentally, this document is usually signed in September—several months before the start of the next tourist year.)

We have already lost the three best months for tourism in India at the beginning of this year. Sputnik is still sending tourists to the "Land of Miracles." Only God knows where the money comes from for these trips. The Sputnik tourists, however, cannot change the situation. Even in better years this young firm had to work at full

capacity to send 3,000 tourists to India, while Inturist was sending 20,000. Foreign-currency tourism is not taking hold. Our countrymen do not want to travel to India for hard currency, and where would they get it anyway? This year there were fewer than 10 groups of foreign-currency tourists in India—around 250 people. The tours were shorter—1 week instead of the usual 2. They were only taken to the Indian "Golden Circle": Delhi-Agra-Jaipur. Judging by all indications, many of our foreign-currency tourists in India had only one thing in mind: to get their "shopping" done as quickly as possible and get back home.

Of course, we are experiencing difficulties with foreign currency. We now have a shortage of rupees too, but the sudden and complete severance of the tourist ties with India that took years to establish still seems questionable. We could say without any exaggeration that they were convenient for us. We were given preferential prices in comparison with Western tourists. For example, a day in India cost a Soviet tourist one-third as much as it cost a Western tourist receiving virtually the same level of service. Our tourism in India was of a mass nature, and I would even call it democratic. The people who had been bumped out of line for trips to Western countries by tourists with various sorts of privileges went to India instead. The number of Soviet guests in India rose at a rate of 15-20 percent a year for the last 5 years. All of them were given a hearty welcome in this friendly country.

We can assume that when we have finally overcome all of our problems, we will return to the Indian tourist market, but it will be different: more expensive and less convenient. After all, we could have reached, or at least tried to reach, some kind of compromise with the Indian side. I think it is still not too late to do this even today....

### Main Tenets of Soviet Policy in South Africa Defined

91UF0665A Moscow AZIYA I AFRIKA SEGODNYA  
in Russian No 1, Jan 91 [Signed to press 19 Dec 90]  
pp 29-33, 43

[Article by V. Bushin: "South Africa and the New Political Thinking"]

[Excerpt] [passage omitted]

If we return to the role of the Soviet Union in the region of South Africa, we should stress that the history of our relations with South Africa must also be studied in a multilateral framework. Interesting articles were recently published on this topic, articles written with the use of archive materials difficult to access until recent times. But it is distressing that the author has essentially mixed concepts here—speaking about South Africa, he most often has in mind only the government or establishment of the Republic of South Africa. In this light, for example, the closing of Soviet consulates in South Africa by racist authorities in 1956 is interpreted as a long-term cessation of ties between our countries. Whereas in fact it is precisely from the second half of the 1950's onward that ties between sociopolitical organizations and the ANC [African National Congress] and other democratic organizations of South Africa began to develop and acquired a stable, permanent nature. It is at this time that hundreds of South Africans began coming to the USSR to pursue studies. Our ties have never been interrupted since that time and have gradually been transformed into a solid foundation for structuring diversified relations with a future democratic South African state.

Of course, looking back on the past from the pinnacle of knowledge we have today, one can and should analyze this with a critical eye. But it would be highly inaccurate to interpret the new political thinking as a repudiation of all the old forms and methods, as a conscious and full denial of policy conducted in the past, let us say prior to 1985. In no way is it possible, for example, to agree with the assertion that "propaganda had completely replaced policy" with respect to the Republic of South Africa during this period.

No, the Soviet Union had developed and fairly consistently pursued with respect to this country a policy based on a generally correct analysis of the situation in the Republic of South Africa and the region, and of prospects for its development. The position of the world community was taken into account in this regard, as expressed in United Nations resolutions calling for support of the liberation movement and the execution of all-encompassing sanctions against Pretoria. We can and should be proud of our policy here. It is this policy that enabled the USSR to gain not only great prestige among the popular masses of the Republic of South Africa and the southern part of the continent in general, but respect on the part of the present leaders of this country as well.

It is this that enabled us in the next stage, when conditions had ripened, to become actively and significantly involved in the political settlement process.

This does not mean, however, that our policy has not had its deficiencies, especially in practical implementation. For example, whereas Soviet embassies in Africa—and in the West as well, in London, let us say—maintained regular contacts with ANC representatives, contacts of a diplomatic nature in Moscow were inadequate for a long period of time. Thus, only at the end of 1984 was an ANC delegation received for the first time in the Foreign Affairs Ministry, and it was later still, in March 1990, that a meeting with ANC leaders took place on the ministerial level. The opening of an official ANC representation in the USSR was also clearly late, although not through the fault of the Soviet side alone.

Also incorrect is the assertion that Soviet sociologists in past years saw "no sense in rummaging through details of life necessary to no one and which lead away from the main track of true scientific analysis—details, let us say, regarding the white community, consisting in its entirety of super-racists, colonizers, misanthropes..." Again irony cannot replace knowledge of the facts. In point of fact, even during those years when studying South Africa was more difficult than now, serious African studies experts conducted fairly thorough research, which included "digging down" into the "details of life." Specifically we may cite the efforts of L. Demkina on the social structure of South African society, L. Vyalimaa on the status of the colored population, I. Vitukhin and later V. Tikhomirov on the white community. A great many fairly thorough articles were also published in the journal AZIYA I AFRIKA SEGODNYA [Asia and Africa Today]. The paradox may lie in the fact that treatment of the African National Congress and South African Communist Party was clearly insufficient, although ties with them were maintained constantly.

And so, the policy of the Soviet Union with respect to the Republic of South Africa, sufficiently clear and consistent in the past, is becoming especially fruitful under conditions of the new political thinking. It is strange at times to hear—and not only from Western but from Soviet African studies experts as well—that we supposedly do not have a concept in our relations with South Africa. Perhaps the problem is that it was never specially proclaimed, as is the case in the United States, for example. Or perhaps those it does not suit simply do not want to take note of it.

We will attempt to formulate the main provisions of this policy.

Firstly, it consists of consistent support of the struggle to eliminate the apartheid regime and diversified support of the vanguard movement of this struggle—the African National Congress, and other antiracist organizations.

Secondly, it is the expansion of contacts with all forces in the Republic of South Africa which relate in critical fashion to apartheid.

Thirdly, it is the facilitation of a political settlement in South Africa not only as the optimal way of eliminating apartheid but also as the only possible resolution of the issue which will enable grave human, material, and moral losses to be averted.

Fourthly, it is contacts with the Republic of South Africa government, but contacts limited to the above-mentioned aims and to the interests of achieving reliable peace and stability in Angola, Mozambique, and southern Africa in general.

Fifth, it is the retention, at least in the current phase, of sanctions against Pretoria in accordance with decisions of the United Nations. The question of repealing sanctions can be decided only when the political settlement process becomes irreversible.

Finally, still one more trend, which takes on special urgency in connection with reaching agreement in principle between the ANC and Republic of South Africa Government is seen in the meeting 6-7 August on the start of negotiations with the aim of drawing up the constitution of a democratic South Africa. This consists of preparation for multilateral and full-scale relations between the USSR and this country. Taking into account the sad experience seen in establishing economic ties with independent Namibia, this effort must be accomplished in timely fashion. And it would be good if our journal, which is read in the Republic of South Africa, displayed the initiative in this process, by organizing a "roundtable" for example, with the participation of both Soviet and South African scholars and practical experts.

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### **RSA's Progress in Abolishing Apartheid, Instituting Reform Viewed**

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Second Edition p 5

[Report by PRAVDA correspondent I. Tarutin: "Land of Storms and Hopes"]

[Text] Pretoria-Harare, April—**Strolling around Johannesburg at night, I suddenly wandered into a destitute neighborhood. It was the last stop on the bus route. In the dark people were sitting around on the sidewalks amid piles of garbage, killing time while waiting for transport. Many were drinking straight from bottles and playing games of chance. The dark corners served as public lavatories. Food was being prepared right there on primitive braziers.**

The reflections of the fire, falling on faces, made them even more sullen. There were no whites here, naturally. The lights of the windows of fashionable stores shone and restaurants beckoned literally around the corner. And alongside another world was living its life. And

viewing these masses swarming about in the darkness, one understands the almost physical fear of white South Africa in the face of the anger of its other part—the downtrodden and embittered.

This country was created by white brains and black hands, Henry Klotz, former mayor of Durban, observed in conversation. Truly, they built South Africa together, but established themselves there differently.

The Boers have more than three centuries of living on this land behind them. They consider Africa their home and call themselves Afrikaners (Africans). And the English-speaking white population sees South Africa as its ancestral home also.

The whites work well and hard. And by no means necessarily in high-paying positions. In a cafe a youngish waitress flashes like a meteor from table to table, with barely enough time to wipe the perspiration from her brow. And the auto mechanic in greasy coveralls earns his crust the hard way, one feels. White skin alone by no means guarantees income. Some people make it, some do not. But, on the whole, the power and wealth of the country are impressive.

It should be said for fairness' sake that in terms of all statistical indicators the position of black South Africans is far better than for their brothers in neighboring states.

"But why should we be measured against them, not against the whites, with whom we live in the same country?" Murphy Morobe, a leader of the United Democratic Front, asks. It is the most profound property inequality and social injustice which determine the seriousness of the racial conflict in South Africa.

The question of who will represent the black majority at the negotiating table in connection with the future state arrangement, and in the future, in the organs of power, obviously, is being decided in practice today. Each group began to give notice of its rights, and a profound split in the anti-racial movement was manifested immediately.

Its conservative wing is represented by the Zulu Inkatha association.

"We are opposed to the use of force and support a solution of current problems exclusively by the peaceful path and uphold capitalism," Vim Rukana [name as transliterated], a spokesman for this organization, says. "Inkatha's moderate pragmatic approach seems sensible at first sight. But I personally am embarrassed by its purely tribal basis. Tribalism is too dangerous a thing under African conditions, in whatever form it appears. In addition, despite the lip service to pacifism, Inkatha militants are engaged in bloody carnage."

There are also the so-called radicals. The most notable among them is the Pan-Africanist Congress [PAC]. It rejects dialogue with the government and occupies a hard-line position in respect of the whites. The PAC likes to flaunt leftwing phraseology and populist slogans. In



the present situation in South Africa extremism represents a great danger, for its seeds are falling on favorable ground.

Founded back in 1912, the African National Congress (ANC), the oldest party of the black population, enjoys great authority. Its leader, Nelson Mandela, is known throughout the world. The Congress is negotiating with the government and believes that it has the right to speak on behalf of the entire dark-skinned population. After three decades of clandestine activity, the ANC has acquired legal status. The organization's headquarters are right in the center of Johannesburg, occupying a floor of a modern building. I had a discussion with Walter Sisulu, a legendary figure who spent over 25 years in prison and who was recently released.

Here is his assessment of the situation:

"The situation is difficult both for us and for the regime. The growth of extremism on the far right is causing particular concern. But my impression is that President de Klerk is capable of carrying the white community with him.

"And there are difficulties on our side also." W. Sisulu continued. "The main ones are the outbursts of violence within the black majority on political and interethnic ground. But, despite everything, I am sure that we will overcome the obstacles."

The ruling circles long since came to understand that the continuation of apartheid was leading to an impasse of a racial and social explosion. But it took the appearance of a new generation at the helm of power for it to become clear that half-measures would not do the job and that radical reform was needed. President Frederik de Klerk has begun to accomplish it.

"The transitional period on the way to a democratic society is based on quite a long period of time, up to five years roughly," Dr. J. Olivier, a participant in the elaboration of the reforms, says. They are to be implemented, in his words, in several stages. The first is already practically complete. It provided for the authorities' official renunciation of the ideology of apartheid and suppression of the liberation movement. It is, specifically, a question of the African National Congress. A dismantling of the system of racial segregation is beginning in parallel.

The second stage is a broadening of the range of negotiations and the inclusion of representatives of other political parties and groups, both white and black. Something akin to a "roundtable," at which the main structures of the future state arrangement will be discussed and a draft constitution examined, will be held. Simultaneously a number of responsible positions in the current government will be held by blacks in order for them to acquire the skills of administering the country. And at the final stage a constitution will be adopted, elections held, and new authorities formed.

Such, in brief, are the outlines of what is planned. What has already been done? In his speech in parliament in February 1990 President de Klerk publicly declared that the system of racial oppression was to be done away with and that the way to a solution of the crisis lay through a peaceful settlement. The African National Congress, the South African Communist Party, and other organizations acquired an opportunity to operate legally. Well-known politicians, N. Mandela among them, were set free. Emigres were allowed to return home. The state of emergency, which had lasted several years, was lifted. The "Separate Use of Public Places" Act was revoked, and a readiness to eliminate three others—"Group Settlement," "Land," and "Registration of the Population"—which had been considered cornerstones in the legal foundation of apartheid and which are the last of the discriminatory laws, was announced also. Delegations of the government and the ANC have held a series of top-level meetings. Such are the results of the past year and the start of the present year, which are viewed by many as a pivotal stage in the history of South Africa.

True, there are cautionary aspects also. Political prisoners remain imprisoned, and the return of those who are in foreign parts is proceeding at the slowest pace. The elimination of apartheid has not been completed legislatively. But it is the orgy of violence within the black community which is most disturbing.

At the same time, however, there are also serious disagreements among the white population which makes up one-fifth of the 30 million-strong population of South Africa. Liberals believe that F. de Klerk has to act more decisively.

But the right, on the contrary, is demanding a halt to the reforms. This is the viewpoint of Andries Beyers, national secretary of the Conservative Party: "The situation needs to be changed, but not so that the whites forfeit their freedom. We do not aspire to dominate others but nor do we wish to be subordinate."

The Conservative Party represents the legal parliamentary opposition. Clandestine extremist groupings have emerged also. One of them organized an explosion in a museum of the capital. The extremists are threatening guerrilla war.

A particular place is occupied by big business, which advocates change and is prepared to support it materially. Mention should also be made of the military-industrial complex operating in concert with the security forces. For them democratization means a loss of appropriations and influence.

However, it nonetheless seems to me that the changes are starting to assume an irreversible nature.

### Leaders, Political Objectives of RSA, USSR Compared

91UF06984 Moscow MEZH DUNARODNAYA ZHIZN in Russian No 4, Apr 91 (signed to press 26 Mar 91) pp 26-33

[Article by Boris Rubenovich Asoyan, candidate of historical sciences and USSR ambassador extraordinary and plenipotentiary to the Republic of Botswana; article written before he left Moscow for Botswana: "South Africa on the Threshold of the Civilized World"]

[Text] Kipling tells the story of a sailor who fell overboard and lost both legs to a shark. When he was pulled out of the water, he reported the incident to the captain while standing at attention on the two stumps. He did not realize what had happened, and he died before he had time to realize it.

The tragedy of one individual becomes the tragedy of a nation when a political leader is in a similar situation and does not realize that his time is coming to an end. When this lack of awareness is prolonged, the entire country suffers his death throes along with him until the inevitable finally occurs.

Many such politicians have disappeared in the storms of perestroika that swept through the totalitarian part of our world. Almost all of them tried to hold on to their power to the end. Outside of Europe, the politician who took the longest to accept his political death was President Pieter Botha, who stood at the helm of South Africa for more than 10 years.

It is his policy, however, that is associated with the beginning of the end of the apartheid system. He is given most of the credit for changing the thinking of the "white race." His energetic reform program shook up the apartheid-numbed white society. When Botha first took office, he seemed almost liberal. At the very least, he appeared to be a sensible politician capable of making decisions for the good of the entire country. Botha's reforms, which many mistakenly saw as cosmetic changes, demolished the edifice of apartheid by seriously damaging its foundation.

Botha could not, however, withstand the test of the reforms. When they escaped his control, took on a life of their own, and forced him to go further, he was frightened. Botha crossed his Rubicon, but only with one foot, and he stayed in this extremely awkward position. Botha the reformer was much weaker than Botha the conservative. The latter always directed the actions of the former.

After he became the hostage of his own reforms, he tried to alter the course of events and diminish the "pre-mature" dissolution of the system.

Reassured by his weakness, the right wing entrusted him with a presidency with almost unlimited powers in the hope that the proverbial "strong regime" would save "white" privileges and the system itself. This, however,

did not make things easier for anyone. The burden of power was too heavy for Botha.

Even after he had suffered a series of failures and had lost his political instincts, he continued to act as though nothing had happened. Like Kipling's sailor, he did not notice his impairment and, as one newspaper put it, he "began to quickly fade away."

In essence, Botha was not only a hostage of his own reforms, but also a victim of South African political traditions. Successive leaders had invariably avoided decisions on key issues, transferring the burden to future leaders. Botha was apparently the most indecisive of all the South African leaders. He began the reforms—and then he made them unworkable. He demanded peace—and then he escalated the warfare in the region. He called for an end to violence—and then he sent out the army to suppress peaceful demonstrations.

The ideology of apartheid would not allow Botha to defend common national values. This alone was the reason for his ignominious end.

Frederick de Klerk's accession to the South African Olympus was sudden, if not accidental. It was almost a repetition of the rise to power of his predecessor, Pieter Botha.

Both men emerged from a political vacuum created by a crisis in the upper echelon. In one case the cause was corruption in the government, and in the other case the president had discredited himself by trying to compensate for his weakness by concentrating too much power in his own hands.

Neither man was held in high esteem in local political circles, and neither was thought to have leadership abilities. Both were viewed at first as temporary leaders or transitional figureheads.

The probable reason was that South African politicians were so demoralized by the failures of their past kings that they could not believe one of them would be capable of rousing the country, breathing new life into the development program, and deflecting the threat of civil war and economic collapse.

The influential newspaper of the business community, BUSINESS DAY, assessed the possibility of changes for the better under F. de Klerk with gloomy sarcasm: "It is the age of pygmies in South Africa, both in the intellectual and in the political sense. It is an age of colorless individuals who climbed to the top of the bureaucratic ladder without ever contradicting powerful leaders on higher rungs and without ever offering any support to those on lower rungs.... After President Botha's frenzied energy, the best leader for us would probably be someone who spends most of his time playing golf. In the age of Botha we learned one thing for certain: Government in itself is loathsome; the less government, the better."

This attitude explains the suspicious and even angry reactions to F. de Klerk's first policy statements. They

sounded extraordinary: The new president promised to rid South Africa of discrimination and oppression in any form.

When de Klerk became president in 1989, he inherited a country that was much less stable and much more demoralized than ever before. He had to deal with all of the problems that had been accumulated by several generations of South African politicians.

There is no question that de Klerk analyzed the causes of the pathetic final months of some of his predecessors' terms in office. He realized that the future of South Africa would depend on his ability to take resolute action.

This is why de Klerk's reforms were so swift, perhaps even too swift. In the hope of correcting Botha's errors, he tried to compress time and carry out the reforms at maximum speed. De Klerk was acting like a chess player who had seriously exceeded his time.

He was playing the game for the whites, but he tried to do something that is impossible in chess: He wanted both sides to win.

De Klerk crossed the line Pieter Botha was afraid to cross. He lifted the ban on the activities of opposition organizations and freed Nelson Mandela and other political prisoners, then he cancelled the state of emergency, started a direct dialogue with the ANC, and promised to get rid of all of the remaining laws of apartheid before the middle of 1991.

Nelson Mandela became his worthy partner and adversary. The aura of martyrdom he had acquired by spending so many years in prison, the wisdom of age, and international fame made him the logical representative of the black majority, and the only possible one under the circumstances. The possibilities that were discussed by the government and the ANC became realities in literally just a few months. Although the several rounds of meetings the president had with the ANC leaders were not given this name officially, we can certainly say that this was the start of a serious and constructive dialogue, producing more positive results with each round.

The new president replaced Botha's passive "adapt or die" position with a pragmatic and assertive policy. He was able to propose effective ways of improving the state of the economy and the social protection of the population. Within an amazingly short time, he managed to use the situation to maximum advantage.

The cancellation of all remaining discriminatory restrictions in education, public health, and transportation was a quick process. Residential areas began to be desegregated. Forty percent of the budget for fiscal year 1990/91 was earmarked for the improvement of socioeconomic conditions in the country. Expenditures on housing construction in black communities were increased substantially. A fund of 3 billion rand was established for the

stepped-up development of the most backward areas. One important development was the continuous reduction of the gap between white and black income levels, although the difference is still sizable.

Some of the results of this policy were the dramatic decline of the rate of infant mortality in the black population and a decline in the rate of mortality connected with the low socioeconomic standard of living.

Amazing things happened. The ruling National Party, the architect and executor of the apartheid system, became one of the main driving forces of the times under de Klerk. Some members even demanded that blacks be allowed to join the party. The narrowminded, ideologized organization began turning into a modern party, capable of making flexible and intelligent decisions. De Klerk and his "team," judging by their actions, were fully determined to hammer the last nail into the coffin of apartheid. They have even said that they know approximately when this will happen.

It is still too early to judge the success of de Klerk's policy, but we can already say that he was able to rescue the reform flatcar Botha had derailed and to give it a push in the right direction. Something new in national politics was observed under de Klerk: The leaders of the two camps in a still divided society expressed common views on many important issues for the first time.

This alone could be viewed as proof of F. de Klerk's realism and political prudence. He was able to reap the benefits of Botha's decade of reform. In this way, he became the leader South Africa apparently needed on this leg of the "great trek" from apartheid to democracy.

The breakthroughs on the national level were accompanied by the rapid improvement of relations with the outside world. As soon as South Africa proved that it was willing to cooperate in good faith in the efforts to stabilize the situation in southern Africa, it began reaping the benefits of this realistic policy. Obstacles preventing South African politicians from visiting other countries, including American restrictions, were gradually removed. The declaration of Namibia's independence, which was made possible largely by de Klerk's position, gave the president of South Africa a unique chance for personal meetings with the leaders of many states who had come to Windhoek.

The year of 1990 could be called an exceptionally good year for South African foreign policy in Eastern Europe. Virtually all of the members of the former socialist camp decided to stop boycotting South Africa and established diversified relationships with it, including the mutual opening of consulates and trade representations.

Although the majority of states (including the USSR) reaffirmed their commitment to the international sanctions until the changes in South Africa acquire "irreversible features," it is clear that their termination is not far off. If de Klerk manages—as he promised—to repeal the remaining apartheid laws by the middle of 1991—i.e., to

eliminate apartheid's legal basis—South Africa will cease to be an outcast in the world.

On the morning of 21 March 1990 a crowd of journalists waited impatiently outside the home of the South African representative in Namibia. Four vehicles drove through the gate at exactly nine. Soviet Foreign Minister E.A. Shevardnadze got out of the first car. President Frederick de Klerk of South Africa rushed to greet him with a smile on his face.

The conversation between the two delegations lasted an hour and a half. It probably could have gone on longer, but the Soviet minister was in a hurry to keep another appointment—and this also had distinct but probably accidental symbolic overtones—with ANC leader Nelson Mandela.

The press in all countries called Shevardnadze's talk with de Klerk historic and sensational. To some extent, this was true, but it could also be called the natural and logical continuation of the deideologization of USSR foreign policy and another strike at the "cold war." It was more than just the first contact on a political level as high as this one in many decades. The meeting was the culmination of the perestroika stage in the development of relations between the USSR and South Africa.

The atmosphere in the huge conference room was extraordinary in every respect: in the way the South African representatives whispered to one another and exchanged notes, in the strong interest they displayed in the Soviet minister's remarks, in their attempts to include as much information as possible in the brief minutes of the meeting, and even in the nervousness of the waiters who were serving the tea and coffee.

There was every indication that both sides were striving to avoid customary clichés and formulas. They discussed the problems of their countries frankly, without making any propagandistic observations. The diplomatic expression "the conversation took place in a constructive atmosphere" is completely applicable to this meeting.

"I am often compared to Mikhail Gorbachev," de Klerk said at the end of the meeting. "I think the comparison makes sense. We have more in common than our haircuts. He and I are both taking a big risk in our policies. In the same way as President Gorbachev, we freed the tremendous potential energy of the masses. And just as in your country, we are encountering the problem of rising expectations...."

Comparisons of de Klerk and Gorbachev and of perestroika in the USSR and South Africa were one of the favorite themes of South African journalists in 1990. This kind of comparison—which might seem absurd at first—makes a great deal of sense.

Undemocratic structures are crushed and demolished in almost the same way. The intentions, actions, and mistakes of leaders during the transition stage have much in common. The Soviet Union and South Africa are no

exception to this rule. The regimes in power in these two countries in the last 40 years had much in common—not only in the methods they used to oppress their own people, but also in the almost religious reverence for utopian theories of a "bright future."

For the blacks in South Africa and for many nationalities in Russia, the road to Hell was paved with good intentions. If we look at the fundamental ideas of apartheid—the separate development of the races—we will find familiar words about prosperity, equality, and Big Brother's civilized guidance of small ethnic groups. The Afrikaners wanted to create a heaven on earth for themselves and a decent—by their standards—existence for the natives. In works dealing with this topic, everything looked amazingly simple, but when reality did not fit into these plans, it was adjusted and, if necessary, altered.

The apartheid system was born at around the same time as the so-called "people's democracies" in Eastern Europe. It was also a result, although a fairly unexpected one, of the "cold war."

South Africa wanted to stay out of the argument between the two systems and its former allies. Its reaction to the start of the postwar ice age was quite legitimate. It hoped to prove that neither Eastern communism nor decadent Western capitalism could solve man's earthly problems.

Apartheid was a symbiosis, combining Western free enterprise with Eastern centralized administration, with the addition of a unique ingredient—racial discrimination as the legal basis of the state.

The result was a monster that horrified even the majority of totalitarian regimes.

The perestroika in the USSR did not only set off revolutions in Eastern Europe and other strongholds of the "socialist camp." The underground shock wave also reached the Cape of Good Hope and caused such a quake that apartheid's remaining pillars could not withstand it.

Historians still have to analyze the first stage of the return to democratic institutions in the East European countries, find common trends, and define prospects. The experience of our neighbors will be of indisputable value to us because we have no traditions of democratic development. It would be just as interesting, however, to learn how other former dictatorships and totalitarian regimes washed the mud of the past off themselves. Not only could we deduce the common features of the transition period we are now experiencing (the attempt to analyze Spain's experience is indicative in this respect), but we could also avoid the mistakes made by other countries in the same position.

The example of South Africa is of interest to us not only because of the similarity of our earlier regimes. We have had a strong affinity with this country for a long time. Sometimes it is difficult to explain when and how this connection came into being. It might have been at the



beginning of this century, when Russia helped the Boers in the war against the English aggressors; it might have been in the 1920s, when the Soviet Republic saw South Africa as a convenient trade partner; it might have been during World War II, when our countries were allies and when packages of clothing, food, and medicine came to us from South Africa; it might have been in the 1960s, when the black Africans began fighting against the Boers' unfair practices and our hearts were with them. After all, the struggle of other people against oppressors and for freedom and justice has always aroused a passionate response in the Russian soul.

In addition to everything else, we like to compare ourselves and our course of development to others, especially those we regard as kindred spirits with similar values. South Africa could be put in this category.

We must remember, however, that the perestroika of the system in South Africa did not begin with F. de Klerk. It was begun by P. Botha in 1978. Therefore, the reforms in South Africa have been going on for more than 12 years. For this reason, when we discuss our similarities and differences, we must bear the two distinct South African stages in mind.

They say that Pieter Botha was one of the first people in South Africa to read Gorbachev's book "Perestroika i novoye myshleniye" [Perestroika and the New Thinking]. It is true that there was no indication that it influenced his policy in any way: It was already too late. His colleagues, however, took up the ideas of perestroika enthusiastically, particularly in the sphere of international relations.

It would be useful to recall what happened in South Africa after 5 or 6 years of Botha's reforms.

By that time socioeconomic integration had begun to acquire irreversible features. The uncontrollable progression of the reforms frightened the ruling stratum so much that it tried to turn the tide, so that political structures would not continue to erode. A new constitution was drawn up and adopted at the same time, preserving discrimination and paving the way for the assumption of emergency executive powers by the president, who had taken a position right of center. The disparity between the desegregation in the socioeconomic sphere and the government's refusal to institute radical reforms in the political sphere led to disturbances of unprecedented scope and duration. Several thousand people died in interethnic and interracial clashes between 1984 and 1986. The president's orders and directives were either ignored or distorted. Economic conditions deteriorated.

After several years of uncontrollable violence in the country, a state of emergency was declared, the presidency was reinforced to the point of a virtual dictatorship, and right-wing extremists gained so much influence that the majority of analysts agreed on the inevitability of a radical rightward shift and the cessation of the reforms. The logical result of this was that parliament

began to lose control of the government, and the presidential staff—the State Security Council, where the army and security agencies played the main role—took the lead in governing the country.

It appears that we are in a similar situation today. We have already reached the stage of a strong presidency and a second round of appointments to the president's staff, which will probably become the cerebral center of our ravaged political system. The next stage could be emergency measures to strengthen security in individual regions or even throughout the country. If events in our country develop according to the South African pattern, we cannot escape the declaration of a state of emergency. This stage is certain to be marked by the limitation of democracy, the consolidation of rightwing forces, and a counteroffensive by them. In other words, an attempt will be made to restore the centralized administrative system. There is reason to believe, however, that these measures will not stop the disintegration of the decayed structures of government, and South Africa's experience could also be useful in this event. Furthermore, the return of the "strong regime" could increase public dissatisfaction and drive the country to the verge of civil war. The military-industrial complex will attempt to occupy the highest positions in the new structures or at least to exert decisive influence on the decisionmaking process. The crisis of faith in the president and his "team" will become even more acute.

After this happened in South Africa, a change of government and of development theories was inevitable.

A new generation of leaders appeared on the political scene. They were fully determined not only to finalize the destruction of apartheid, but also to begin building new government structures in the interests of all groups of the country's population.

It is true that some features of the present period in our perestroika and the process of reform in South Africa 5 years ago seem amazingly similar. Nevertheless, the comparison will be inappropriate unless we consider the current stage. The former president of South Africa cannot be compared to the leader of perestroika in the USSR in any way. There are some points in common, however, with the new leader of South Africa and his policy.

There is some similarity, in particular, in the way the two leaders climbed the steps of government to the top and in the way the "moderate conservatives" turned into bold radicals. There is some similarity in their methods of conducting foreign policy, in their inclination to seek compromises, and in their efforts to resolve old and new conflicts by political means.

Many researchers have asserted that most programs—perestroika in the USSR and reform in South Africa—were originally conceived as life preservers for the systems from which the two leaders emerged. They mandated a new outlook on ideological dogmas. The renunciation of obsolete stereotypes was supposed to

help in breaking through international isolation, reduce pressure on the government from below, and alleviate the danger of the spontaneous destruction of the systems. Both programs originally tried to liberalize the undemocratic structures and proposed the repeal of the most unpopular laws.

Political prisoners were released in both countries. Academician A.D. Sakharov returned from political exile under Gorbachev, and F. de Klerk set N. Mandela free. Both countries stopped military intervention abroad (South Africa in Angola and Mozambique, and the USSR in Afghanistan). The new forces in charge advocated dialogue with the opposition and much broader political and social rights for citizens. The drafting of a new constitution and the privatization of the state sector began in both countries at almost the same time. Both countries tried to prove to the rest of the world that the changes in these countries were irreversible in order to gain financial and economic aid and the removal of restrictions on trade and economic contacts.

Here is another similarity: The process of perestroika and the reforms were directed by the ruling parties, which tried to take control of the processes of change immediately, so that the "loosening of the screws" would not have unpredictable consequences.

Splinter groups from both parties supplemented the ranks of the opposition by forming new political associations. Formerly dogmatic individuals turned into passionate supporters of radical reform en masse. In both countries the center's control over national-administrative entities was weakened dramatically when they demanded stronger autonomy. The painful surrender of imperious thinking has been accompanied by the exacerbation of relations between ethnic groups and nationalities, leading to bloody conflicts.

The disparate nature and diversity of opposition groups and the growing hostility between them constitute a dangerous factor of further destabilization. The waves of discontent which started in the provinces are getting closer to the big cities. The army and security forces, whose morale and combat efficiency were undermined

during the disintegration of the old society, are losing their ability to influence the situation effectively. Unrest on the lowest levels is more and more likely to escape the control of even "their own" political leaders. Unstable conditions heightened the activity of rightwing extremists dramatically, and they are threatening armed resistance of the reforms and are demanding an immediate return to earlier governing methods. Both countries have been distinguished by outbursts of chauvinism, anti-Semitism, and racism and the growth of pro-fascist groups.

Of course, the South African situation also has some important distinctions. In particular, de Klerk has no serious rivals among his colleagues to undermine his authority and policy line. Administrative-territorial entities not only do not want to secede, but, rather, are demanding their recognition as an integral part of South Africa. Even before the president took office, he had a fairly precise program of action, which had been drawn up by the country's political elite in conjunction with big business. This program is being carried out efficiently, and the necessary changes dictated by circumstances are suggested and approved quickly. The president has the necessary support in various segments of society. One important distinction is that his program is producing tangible results.

All of this might suggest that it is easier for South Africa than for us: A small dragon can die more quickly than a big one. This, however, does not mean that its future is clear. The crisis in South Africa is still going on, and I do not think it has reached its highest (or lowest) point yet. It is still difficult to say whether the country will emerge from it clothed in democratic garb.

Apartheid has not breathed its last yet. The monster harbors enough evil force to seek revenge for its defeat if the South African perestroika gets bogged down in irreconcilable conflicts and extremism.

Unfortunately, we can say almost the same thing about ourselves....

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